



General Assembly

January Session, 2003

Raised Bill No. 985

LCO No. 3390

Referred to Committee on Banks

Introduced by:
(BA)

AN ACT CONCERNING BANK AND CREDIT UNION TRANSACTIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-2 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2003*):

3 As used in this title, unless the context otherwise requires:

4 (1) "Affiliate" of a person means any person controlling, controlled
5 by, or under common control with, that person;

6 (2) "Applicant" with respect to any license or approval provision
7 pursuant to this title means a person who applies for that license or
8 approval;

9 (3) "Automated teller machine" means a stationary or mobile
10 unattended device, including a satellite device but excluding a point of
11 sale terminal, at which banking transactions, including, but not limited
12 to, deposits, withdrawals, advances, payments or transfers, may be
13 conducted;

14 (4) "Bank" means a Connecticut bank or a federal bank;

15 (5) "Bank and trust company" means an institution chartered or
16 organized under the laws of this state as a bank and trust company;

17 (6) "Bank holding company" has the meaning given to that term in
18 12 USC Section 1841(a), as from time to time amended, except that the
19 term "bank", as used in 12 USC Section 1841(a) includes a bank or out-
20 of-state bank that functions solely in a trust or fiduciary capacity;

21 (7) "Capital stock" when used in conjunction with any bank or out-
22 of-state bank means a bank or out-of-state bank that is authorized to
23 accumulate funds through the issuance of its capital stock;

24 (8) "Club deposit" means deposits to be received at regular intervals,
25 the whole amount deposited to be withdrawn by the owner or repaid
26 by the bank in not more than fifteen months from the date of the first
27 deposit, and upon which no interest or dividends need to be paid;

28 (9) "Commissioner" means the Commissioner of Banking and, with
29 respect to any function of the commissioner, includes any person
30 authorized or designated by the commissioner to carry out that
31 function;

32 (10) "Company" means any corporation, joint stock company, trust,
33 association, partnership, limited partnership, unincorporated
34 organization, limited liability company or similar organization, but
35 does not include (A) any corporation the majority of the shares of
36 which are owned by the United States or by any state, or (B) any trust
37 which by its terms must terminate within twenty-five years or not later
38 than twenty-one years and ten months after the death of beneficiaries
39 living on the effective date of the trust;

40 (11) "Connecticut bank" means a bank and trust company, savings
41 bank or savings and loan association chartered or organized under the
42 laws of this state;

43 (12) "Connecticut credit union" means a cooperative, nonprofit
44 financial institution that (A) is organized under chapter 667 and the

45 membership of which is limited as provided in section 36a-438a, (B)
46 operates for the benefit and general welfare of its members with the
47 earnings, benefits or services offered being distributed to or retained
48 for its members, and (C) is governed by a volunteer board of directors
49 elected by and from its membership;

50 (13) "Connecticut credit union service organization" means a credit
51 union service organization that is incorporated under the laws of this
52 state, located in this state and established by at least one Connecticut
53 credit union;

54 (14) "Consolidation" means a combination of two or more
55 institutions into a new institution; all institutions party to the
56 consolidation, other than the new institution, are "constituent"
57 institutions; the new institution is the "resulting" institution;

58 (15) "Control" has the meaning given to that term in 12 USC Section
59 1841(a), as from time to time amended;

60 (16) "Credit union service organization" means an entity organized
61 under state or federal law to provide credit union service organization
62 services primarily to its members, to Connecticut credit unions, federal
63 credit unions and out-of-state credit unions other than its members,
64 and to members of any such other credit unions;

65 (17) "Customer" means any person using a service offered by a
66 financial institution;

67 (18) "Demand account" means an account into which demand
68 deposits may be made;

69 (19) "Demand deposit" means a deposit that is payable on demand,
70 a deposit issued with an original maturity or required notice period of
71 less than seven days or a deposit representing funds for which the
72 bank does not reserve the right to require at least seven days' written
73 notice of the intended withdrawal, but does not include any time
74 deposit;

75 (20) "Deposit" means funds deposited with a depository;

76 (21) "Deposit account" means an account into which deposits may
77 be made;

78 (22) "Depositor" includes a member of a mutual savings and loan
79 association;

80 (23) "Director" means a member of the governing board of a
81 financial institution;

82 (24) "Equity capital" means the excess of a Connecticut bank's total
83 assets over its total liabilities, as defined in the instructions of the
84 federal Financial Institutions Examination Council for consolidated
85 reports of condition and income;

86 (25) "Executive officer" means every officer of a Connecticut bank
87 who participates or has authority to participate, otherwise than in the
88 capacity of a director, in major policy-making functions of such bank,
89 regardless of whether such officer has an official title or whether that
90 title contains a designation of assistant and regardless of whether such
91 officer is serving without salary or other compensation. The president,
92 vice president, secretary and treasurer of such bank are deemed to be
93 executive officers, unless, by resolution of the governing board or by
94 such bank's bylaws, any such officer is excluded from participation in
95 major policy-making functions, otherwise than in the capacity of a
96 director of such bank, and such officer does not actually participate in
97 such policy-making functions;

98 (26) "Federal agency" has the meaning given to that term in 12 USC
99 Section 3101, as from time to time amended;

100 (27) "Federal bank" means a national banking association, federal
101 savings bank or federal savings and loan association having its
102 principal office in this state;

103 (28) "Federal branch" has the meaning given to that term in 12 USC

104 Section 3101, as from time to time amended;

105 (29) "Federal credit union" means any institution chartered or
106 organized as a federal credit union pursuant to the laws of the United
107 States having its principal office in this state;

108 (30) "Fiduciary" means a person undertaking to act alone or jointly
109 with others primarily for the benefit of another or others in all matters
110 connected with its undertaking and includes a person acting in the
111 capacity of trustee, executor, administrator, guardian, assignee,
112 receiver, conservator, agent, custodian under the Connecticut Uniform
113 Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting
114 in any other similar capacity;

115 (31) "Financial institution" means any Connecticut bank,
116 Connecticut credit union, or other person whose activities in this state
117 are subject to the supervision of the commissioner, but does not
118 include a person whose activities are subject to the supervision of the
119 commissioner solely pursuant to chapter 672a, 672b or 672c or any
120 combination thereof;

121 (32) "Foreign bank" has the meaning given to that term in 12 USC
122 Section 3101, as from time to time amended;

123 (33) "Foreign country" means any country other than the United
124 States and includes any colony, dependency or possession of any such
125 country;

126 (34) "Governing board" means the group of persons vested with the
127 management of the affairs of a financial institution irrespective of the
128 name by which such group is designated;

129 (35) "Holding company" means a bank holding company or a
130 savings and loan holding company, except, as used in sections 36a-180
131 to 36a-191, inclusive, "holding company" means a company that
132 controls a bank;

133 (36) "Insured depository institution" has the meaning given to that
134 term in 12 USC Section 1813, as from time to time amended;

135 (37) "Licensee" means any person who is licensed or required to be
136 licensed pursuant to the applicable provisions of this title;

137 (38) "Loan" includes any line of credit or other extension of credit;

138 (39) "Merger" means the combination of one or more institutions
139 with another which continues its corporate existence; all institutions
140 party to the merger are "constituent" institutions; the merging
141 institution which upon the merger continues its existence is the
142 "resulting" institution;

143 (40) "Mutual" when used in conjunction with any institution that is a
144 bank or out-of-state bank means any such institution without capital
145 stock;

146 (41) "Mutual holding company" means a mutual holding company
147 organized under sections 36a-192 to 36a-199, inclusive, and unless
148 otherwise indicated, a subsidiary holding company controlled by a
149 mutual holding company organized under sections 36a-192 to 36a-199,
150 inclusive;

151 (42) "Out-of-state" includes any state other than Connecticut and
152 any foreign country;

153 (43) "Out-of-state bank" means any institution that engages in the
154 business of banking, but does not include a bank, Connecticut credit
155 union, federal credit union or out-of-state credit union;

156 (44) "Out-of-state credit union" means any credit union other than a
157 Connecticut credit union or a federal credit union;

158 (45) "Out-of-state trust company" means any company chartered to
159 act as a fiduciary but does not include a company chartered under the
160 laws of this state, a bank, an out-of-state bank, a Connecticut credit

161 union, a federal credit union or an out-of-state credit union;

162 (46) "Person" means an individual, company, including a company
163 described in subparagraphs (A) and (B) of subdivision (10) of this
164 section, or any other legal entity, including a federal, state or municipal
165 government or agency or any political subdivision thereof;

166 (47) "Point of sale terminal" means a device located in a commercial
167 establishment at which sales transactions can be charged directly to the
168 buyer's deposit, loan or credit account, but at which deposit
169 transactions cannot be conducted;

170 (48) "Reorganized savings bank" means any savings bank
171 incorporated and organized in accordance with sections 36a-192 and
172 36a-193;

173 (49) "Reorganized savings and loan association" means any savings
174 and loan association incorporated and organized in accordance with
175 sections 36a-192 and 36a-193;

176 (50) "Reorganized savings institution" means any reorganized
177 savings bank or reorganized savings and loan association;

178 (51) "Representative office" has the meaning given to that term in 12
179 USC Section 3101, as from time to time amended;

180 (52) "Reserves for loan and lease losses" means the amounts
181 reserved by a Connecticut bank against possible loan and lease losses
182 as shown on the bank's consolidated reports of condition and income;

183 (53) "Satellite device" means an automated teller machine which is
184 not part of an office of the bank, Connecticut credit union or federal
185 credit union which has established such machine;

186 (54) "Savings account" means a deposit account, other than an
187 escrow account established pursuant to section 49-2a, into which
188 savings deposits may be made and which account must be evidenced

189 by periodic statements delivered at least semiannually or by a
190 passbook;

191 (55) "Savings and loan association" means an institution chartered or
192 organized under the laws of this state as a savings and loan
193 association;

194 (56) "Savings bank" means an institution chartered or organized
195 under the laws of this state as a savings bank;

196 (57) "Savings deposit" means any deposit other than a demand
197 deposit or time deposit on which interest or a dividend is paid
198 periodically;

199 (58) "Savings and loan holding company" has the meaning given to
200 that term in 12 USC Section 1467a, as from time to time amended;

201 (59) "Share account holder" means a person who maintains a share
202 account in a Connecticut credit union, federal credit union or out-of-
203 state credit union that maintains in this state a branch, as defined in
204 section 36a-435b, as amended by this act;

205 [(59)] (60) "State" means any state of the United States, the District of
206 Columbia, any territory of the United States, Puerto Rico, Guam,
207 American Samoa, the trust territory of the Pacific Islands, the Virgin
208 Islands and the Northern Mariana Islands;

209 [(60)] (61) "State agency" has the meaning given to that term in 12
210 USC Section 3101, as from time to time amended;

211 [(61)] (62) "State branch" has the meaning given to that term in 12
212 USC Section 3101, as from time to time amended;

213 [(62)] (63) "Subsidiary" has the meaning given to that term in 12
214 USC Section 1841(d), as from time to time amended;

215 [(63)] (64) "Subsidiary holding company" means a stock holding
216 company, controlled by a mutual holding company, that holds one

217 hundred per cent of the stock of a reorganized savings institution;

218 [[64]] (65) "Supervisory agency" means: (A) The commissioner; (B)
219 the Federal Deposit Insurance Corporation; (C) the Resolution Trust
220 Corporation; (D) the Office of Thrift Supervision; (E) the National
221 Credit Union Administration; (F) the Board of Governors of the
222 Federal Reserve System; (G) the United States Comptroller of the
223 Currency; and (H) any successor to any of the foregoing agencies or
224 individuals;

225 [[65]] (66) "Time account" means an account into which time
226 deposits may be made; and

227 [[66]] (67) "Time deposit" means a deposit that the depositor or
228 share account holder does not have a right and is not permitted to
229 make withdrawals from within six days after the date of deposit,
230 unless the deposit is subject to an early withdrawal penalty of at least
231 seven days' simple interest on amounts withdrawn within the first six
232 days after deposit, subject to those exceptions permissible under 12
233 CFR Part 204, as from time to time amended.

234 Sec. 2. Section 36a-3 of the general statutes is repealed and the
235 following is substituted in lieu thereof (*Effective July 1, 2003*):

236 Other definitions applying to this title or to specified parts thereof
237 and the sections in which they appear are:

T1 "Account". Sections 36a-155 and 36a-365.

T2 "Additional proceeds". Section 36a-746e.

T3 "Advance fee". Sections 36a-510, 36a-485 and 36a-615.

T4 "Advertise" or "advertisement". Sections 36a-485 and 36a-510.

T5 "Agency bank". Section 36a-285.

T6 "Alternative mortgage loan". Section 36a-265.

T7 "Amount financed". Section 36a-690.

T8 "Annual percentage rate". Section 36a-690.

T9 "Annual percentage yield". Section 36a-316.

T10	"Annuities". Section 36a-455a, <u>as amended by this act.</u>
T11	"Applicant". Section 36a-736.
T12	"APR". Section 36a-746a.
T13	"Assessment area". Section 36a-37.
T14	"Associate". Section 36a-184.
T15	"Associated member". Section 36a-458a.
T16	"Bank". Section 36a-30.
T17	"Bankers' bank". Section 36a-70.
T18	"Banking business". Section 36a-425.
T19	"Basic services". Section 36a-437a.
T20	"Billing cycle". Section 36a-565.
T21	"Bona fide nonprofit organization". Section 36a-655.
T22	"Branch". Sections 36a-145, 36a-410 and 36a-435b.
T23	"Branch or agency net payment entitlement". Section 36a-428n.
T24	"Branch or agency net payment obligation". Section 36a-428n.
T25	"Broker". Section 36a-746a.
T26	"Business and industrial development corporation". Section 36a-626.
T27	"Business and property in this state". Section 36a-428n.
T28	"Capital". Section 36a-435b, <u>as amended by this act.</u>
T29	"Cash advance". Section 36a-564.
T30	"Cash price". Section 36a-770.
T31	"Certificate of incorporation". Section 36a-435b, <u>as amended by</u>
T32	<u>this act.</u>
T33	"Closely related activities". Sections 36a-250 and 36a-455a.
T34	"Collective managing agency account". Section 36a-365.
T35	"Commercial vehicle". Section 36a-770.
T36	"Community bank". Section 36a-70.
T37	"Community credit union". Section 36a-37.
T38	"Community development bank". Section 36a-70.
T39	"Community reinvestment performance". Section 36a-37.
T40	"Connecticut holding company". Section 36a-410.
T41	<u>"Consolidate". Section 36a-145, as amended by this act.</u>
T42	"Construction loan". Section 36a-458a.
T43	"Consumer". Sections 36a-155, 36a-676 and 36a-695.

T44	"Consumer Credit Protection Act". Section 36a-676.
T45	"Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.
T46	"Consumer collection agency". Section 36a-800.
T47	"Consummation". Section 36a-746a.
T48	"Controlling interest". Section 36a-276.
T49	"Corporate". Section 36a-435b, <u>as amended by this act.</u>
T50	"Credit". Sections 36a-645 and 36a-676.
T51	"Credit manager". Section 36a-435b, <u>as amended by this act.</u>
T52	"Creditor". Sections 36a-676, 36a-695 and 36a-800.
T53	"Credit card", "cardholder" and "card issuer". Section 36a-676.
T54	"Credit clinic". Section 36a-695.
T55	"Credit rating agency". Section 36a-695.
T56	"Credit report". Section 36a-695.
T57	"Credit sale". Section 36a-676.
T58	"Credit union service organization". Section 36a-435b, <u>as amended</u>
T59	<u>by this act.</u>
T60	"Credit union service organization services". Section 36a-435b,
T61	<u>as amended by this act.</u>
T62	"De novo branch". Section 36a-410.
T63	"Debt". Section 36a-645.
T64	"Debt adjustment". Section 36a-655.
T65	"Debt mutual fund". Sections 36a-275 and 36a-459a.
T66	"Debt securities". Sections 36a-275 and 36a-459a.
T67	"Debtor". Section 36a-655.
T68	"Deliver". Section 36a-316.
T69	"Deposit". Section 36a-316.
T70	["Deposit account". Sections 36a-136 and
T71	36a-316.]
T72	"Deposit account charge". Section 36a-316.
T73	"Deposit account disclosures". Section 36a-316.
T74	"Deposit contract". Section 36a-316.
T75	"Deposit services". Section 36a-425.
T76	"Depositor". Section 36a-316.
T77	"Director". Section 36a-435b, <u>as amended by this act.</u>

T78	"Earning period". Section 36a-316.
T79	"Electronic payment instrument". Section 36a-596.
T80	["Eligible account holder". Section 36a-136.]
T81	"Eligible collateral". Section 36a-330.
T82	"Equity mutual fund". Sections 36a-276 and 36a-459a.
T83	"Equity security". Sections 36a-276 and 36a-459a.
T84	"Federal Credit Union Act". Section 36a-435b, <u>as amended by</u>
T85	<u>this act</u> .
T86	"Federal Home Mortgage Disclosure Act". Section 36a-736.
T87	"Fiduciary". Section 36a-365.
T88	"Filing fee". Section 36a-770.
T89	"Finance charge". Sections 36a-690 and 36a-770.
T90	"Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,
T91	36a-330, 36a-435b, <u>as amended by this act</u> , and 36a-736.
T92	"Financial records". Section 36a-41.
T93	"First mortgage broker". Section 36a-485.
T94	"First mortgage correspondent lender". Section 36a-485.
T95	"First mortgage lender". Section 36a-485.
T96	"First mortgage loan". Sections 36a-485, 36a-705 and 36a-715.
T97	"Foreign banking corporation". Section 36a-425.
T98	"General facility". Section 36a-580.
T99	"Global net payment entitlement". Section 36a-428n.
T100	"Global net payment obligation". Section 36a-428n.
T101	"Goods". Sections 36a-535 and 36a-770.
T102	"Graduated payment mortgage loan". Section 36a-265.
T103	"Guardian". Section 36a-365.
T104	"High cost home loan". Section 36a-746a.
T105	"Holder". Section 36a-596.
T106	"Home banking services". Section 36a-170.
T107	"Home banking terminal". Section 36a-170.
T108	"Home improvement loan". Section 36a-736.
T109	"Home purchase loan". Section 36a-736.
T110	"Home state". Section 36a-410.
T111	"Immediate family member". Section 36a-435b, <u>as amended by</u>

- T112 this act.
- T113 "Insider". Section 36a-454b.
- T114 "Installment loan contract". Sections 36a-535 and 36a-770.
- T115 "Insurance". Section 36a-455a, as amended by this act.
- T116 "Insurance bank". Section 36a-285.
- T117 "Insurance department". Section 36a-285.
- T118 "Interest". Section 36a-316.
- T119 "Interest rate". Section 36a-316.
- T120 "Lender". Sections 36a-746a and 36a-770.
- T121 "Lessor". Section 36a-676.
- T122 "License". Section 36a-626.
- T123 "Licensee". Sections 36a-510, 36a-596 and 36a-626.
- T124 "Limited branch". Section 36a-145, as amended by this act.
- T125 "Limited facility". Section 36a-580.
- T126 "Loan broker". Section 36a-615.
- T127 "Loss". Section 36a-330.
- T128 "Made in this state". Section 36a-770.
- T129 "Managing agent". Section 36a-365.
- T130 "Manufactured home". Section 36a-457b.
- T131 "Material litigation". Section 36a-596.
- T132 "Member". Section 36a-435b, as amended by this act.
- T133 "Member business loan". Section 36a-458a.
- T134 "Member in good standing". Section 36a-435b, as amended by
- T135 this act.
- T136 "Membership share". Section 36a-435b, as amended by this act.
- T137 "Mobile branch". Section 36a-435b, as amended by this act.
- T138 "Money order". Section 36a-596.
- T139 "Money transmission". Section 36a-365.
- T140 "Mortgage insurance". Section 36a-725.
- T141 "Mortgage lender". Sections 36a-485, 36a-510 and 36a-705.
- T142 "Mortgage loan". Sections 36a-261, 36a-265 and 36a-457b,
- T143 as amended by this act.
- T144 "Mortgage rate lock-in". Section 36a-705.
- T145 "Mortgage servicing company". Section 36a-715.

T146	"Mortgagor". Section 36a-715.
T147	"Motor vehicle". Section 36a-770.
T148	"Multiple common bond membership". Section 36a-435b ₂
T149	<u>as amended by this act.</u>
T150	"Municipality". Section 36a-800.
T151	"Net outstanding member business loan balance". Section 36a-458a.
T152	"Net worth". Sections 36a-441a, 36a-458a and 36a-596.
T153	"Network". Section 36a-155.
T154	"Nonrefundable". Sections 36a-498 and 36a-521.
T155	"Note account". Sections 36a-301 and 36a-456b.
T156	"Office". Section 36a-316.
T157	"Officer". Section 36a-435b ₂ <u>as amended by this act.</u>
T158	"Open-end credit plan". Section 36a-676.
T159	"Open-end loan". Section 36a-565.
T160	"Organization". Section 36a-800.
T161	"Originator". Sections 36a-485 and 36a-510.
T162	"Out-of-state holding company". Section 36a-410.
T163	"Outstanding". Section 36a-596.
T164	"Passbook savings account". Section 36a-316.
T165	"Payment instrument". Section 36a-596.
T166	"Periodic statement". Section 36a-316.
T167	"Permissible investment". Section 36a-596.
T168	"Person". Section 36a-184.
T169	"Post". Section 36a-316.
T170	"Prepaid finance charge". Section 36a-746a.
T171	"Prepayment penalty". Section 36a-746a.
T172	"Prime quality". Section 36a-596.
T173	"Principal amount of the loan". Section 36a-510.
T174	"Processor". Section 36a-155.
T175	"Public deposit". Section 36a-330.
T176	"Purchaser". Section 36a-596.
T177	"Qualified financial contract". Section 36a-428n.
T178	"Qualified public depository" and "depository". Section 36a-330.
T179	"Real estate". Section 36a-457b.

T180	"Records". Section 36a-17.
T181	"Relocate". Sections 36a-145 and 36a-462a, <u>as amended by this act.</u>
T182	"Residential property". Section 36a-485.
T183	"Retail buyer". Sections 36a-535 and 36a-770.
T184	"Retail credit transaction". Section 42-100b.
T185	"Retail deposits". Section 36a-70.
T186	"Retail installment contract". Sections 36a-535 and 36a-770.
T187	"Retail installment sale". Sections 36a-535 and 36a-770.
T188	"Retail seller". Sections 36a-535 and 36a-770.
T189	"Reverse annuity mortgage loan". Section 36a-265.
T190	"Sales finance company". Sections 36a-535 and 36a-770.
T191	"Savings department". Section 36a-285.
T192	"Savings deposit". Section 36a-316.
T193	"Secondary mortgage broker". Section 36a-510.
T194	"Secondary mortgage correspondent lender". Section 36a-510.
T195	"Secondary mortgage lender". Section 36a-510.
T196	"Secondary mortgage loan". Section 36a-510.
T197	"Security convertible into a voting security". Section 36a-184.
T198	"Senior management". Section 36a-435b, <u>as amended by this act.</u>
T199	"Share". Section 36a-435b, <u>as amended by this act.</u>
T200	"Simulated check". Sections 36a-485 and 36a-510.
T201	"Single common bond membership". Section 36a-435b,
T202	<u>as amended by this act.</u>
T203	"Social purpose investment". Section 36a-277.
T204	"Standard mortgage loan". Section 36a-265.
T205	"Table funding agreement". Section 36a-485.
T206	"Tax and loan account". Sections 36a-301 and 36a-456b.
T207	"The Savings Bank Life Insurance Company". Section 36a-285.
T208	"Time account". Section 36a-316.
T209	["Transaction". Section 36a-215.]
T210	"Travelers check". Section 36a-596.
T211	"Troubled Connecticut credit union". Section 36a-448a.
T212	["Troubled financial institution". Section 36a-215.]
T213	"Uninsured bank". Section 36a-70.

T214 "Unsecured loan". Section 36a-615.

T215 "Warehouse agreement". Section 36a-485.

238 Sec. 3. Section 36a-65 of the general statutes is repealed and the
239 following is substituted in lieu thereof (*Effective July 1, 2003*):

240 (a) The commissioner shall annually, on or after July first for the
241 fiscal year commencing on said July first, collect pro rata based on
242 asset size from each Connecticut bank and each Connecticut credit
243 union an amount sufficient in the commissioner's judgment to meet
244 the expenses of the Department of Banking, including a reasonable
245 reserve for contingencies, provided the commissioner shall not collect
246 such amount from a newly organized Connecticut credit union until
247 July first following the third full calendar year after issuance by the
248 commissioner of such credit union's certificate of authority. Such
249 assessments and expenses shall not exceed the budget estimates
250 submitted in accordance with section 36a-13. Such assessments may be
251 made more frequently than annually at the discretion of the
252 commissioner. Such assessments for any fiscal year shall be reduced
253 pro rata by the amount of any surplus from the assessments of prior
254 fiscal years, which surplus shall be maintained in accordance with
255 subdivision (4) of subsection [(c)] (b) of this section. The commissioner
256 may reduce any such assessment collected from a Connecticut bank up
257 to the amount of any assessment for the same fiscal year collected from
258 such bank by another state in which such bank has established a
259 branch, limited branch or mobile branch. The commissioner may
260 reduce any such assessment collected from a Connecticut credit union
261 up to the amount of any assessment for the same fiscal year collected
262 from such credit union by another state in which such credit union has
263 established a branch. Such assessments for any fiscal year shall be a
264 liability of such banks and credit unions as of the assessment date.
265 Except as provided in this subsection, such assessments shall not be
266 prorated for any reason.

267 [(b) (1) The fee for trust department examinations shall be the actual
268 cost of examination, as such cost is determined by the commissioner.

269 (2) The fee for an examination of a Connecticut credit union service
270 organization is the actual cost of the examination, as such cost is
271 determined by the commissioner.

272 (3) A licensee under section 36a-489, 36a-511, 36a-536, 36a-555, 36a-
273 581, 36a-600, 36a-633, 36a-656 or 36a-801 shall pay to the commissioner
274 the actual cost of any examination of the licensee, as such cost is
275 determined by the commissioner. Failure by the licensee to pay such
276 cost not later than thirty days of receipt of demand from the
277 commissioner shall automatically suspend the license until the costs
278 are paid.]

279 [(c)] (b) (1) Each such bank and credit union shall pay the
280 commissioner the amount allocated to it within twenty business days
281 from the time the commissioner mails a notice to it of the amount due,
282 with an additional two hundred dollars if the amount allocated is not
283 paid in the time specified. The provisions of this subdivision shall not
284 apply to any person required to pay the commissioner any fee for
285 license or registration or the whole cost of all examinations made by
286 the commissioner.

287 (2) The State Treasurer shall place all funds received from the
288 commissioner and all moneys received from any person for documents
289 or reports sold by the commissioner in a special fund to be known as
290 the State Banking Fund. [On and after September 19, 1991, amounts]
291 Amounts in the fund may be expended only pursuant to appropriation
292 by the General Assembly.

293 (3) The Comptroller shall determine for each fiscal year the expenses
294 of the Department of Banking.

295 (4) The Secretary of the Office of Policy and Management shall
296 examine the State Banking Fund annually after the Comptroller has

297 made his determination and shall direct the Treasurer to set aside
298 within the Banking Fund amounts in excess of a reasonable reserve for
299 contingencies, which excess amounts shall be considered a surplus for
300 the purposes of subsection (a) of this section.

301 (c) (1) The fee for an examination of a trust department of a
302 Connecticut bank shall be the actual cost of the examination, as such
303 cost is determined by the commissioner.

304 (2) The fee for an examination of a Connecticut bank organized to
305 function solely in a fiduciary capacity shall be the actual cost of the
306 examination, as such cost is determined by the commissioner.

307 (3) The fee for an examination of a Connecticut credit union service
308 organization is the actual cost of the examination, as such cost is
309 determined by the commissioner.

310 (4) The fee for an examination of an out-of-state branch of a
311 Connecticut bank or a branch in this state of an out-of-state bank shall
312 be the actual cost of the examination, as such cost is determined by the
313 commissioner, and the commissioner may share any such fee with
314 other banking regulators in accordance with agreements entered into
315 by the commissioner pursuant to subsection (j) of section 36a-145, as
316 amended by this act, and subdivision (5) of subsection (a) and
317 subsection (b) of section 36a-412, as amended by this act.

318 (5) The fee for an examination of an out-of-state branch of a
319 Connecticut credit union or a branch in this state of an out-of-state
320 credit union shall be the actual cost of the examination, as such cost is
321 determined by the commissioner, and the commissioner may share
322 any such fee with other state or federal credit union regulators in
323 accordance with agreements entered into by the commissioner
324 pursuant to subsection (f) of section 36a-462a, as amended by this act,
325 and subsection (b) of section 36a-462b, as amended by this act.

326 (6) A licensee under section 36a-489, 36a-513, 36a-541, 36a-556, 36a-

327 581, 36a-600, 36a-628, 36a-656 or 36a-801 shall pay to the commissioner
328 the actual cost of any examination of the licensee, as such cost is
329 determined by the commissioner. If the licensee fails to pay such cost
330 not later than thirty days after receipt of demand from the
331 commissioner, the commissioner shall automatically suspend the
332 license until such costs are paid.

333 (d) (1) The fee for investigating and processing each application is as
334 follows:

335 (A) Establishment of (i) a branch under subdivision (1) of subsection
336 (b) of section 36a-145, as amended by this act, two thousand dollars;
337 (ii) a mobile branch under subdivision (1) of subsection (d) of section
338 36a-145, as amended by this act, one thousand five hundred dollars;
339 (iii) a limited branch under subdivision (1) of subsection (c) of section
340 36a-145, as amended by this act, one thousand five hundred dollars;
341 (iv) a special need limited branch under subdivision [(2)] (4) of
342 subsection (c) of section 36a-145, as amended by this act, five hundred
343 dollars; (v) an out-of-state branch under subsection [(i)] (j) of section
344 36a-145, as amended by this act, a reasonable fee not to exceed two
345 thousand dollars from which any fees paid to a state other than this
346 state or to a foreign country in connection with the establishment shall
347 be deducted; and (vi) an out-of-state limited or mobile branch under
348 subsection (i) of section 36a-145, as amended by this act, a reasonable
349 fee not to exceed one thousand five hundred dollars from which any
350 fees paid to a state other than this state or to a foreign country in
351 connection with the establishment shall be deducted.

352 (B) Sale of (i) a branch under subsection [(h)] (i) of section 36a-145,
353 as amended by this act, two thousand dollars, except there shall be no
354 fee for the sale of a branch of a Connecticut bank to another
355 Connecticut bank or to a Connecticut credit union; and (ii) a limited
356 branch, including a special need limited branch or mobile branch
357 under subsection [(h)] (i) of section 36a-145, as amended by this act, a
358 fee not to exceed one thousand five hundred dollars.

359 (C) Relocation of [(i)] a main office of a Connecticut bank under
360 subsection (a) of section 36a-81, [two thousand] five hundred dollars. [;
361 and (ii) a branch or a limited branch under subsection (g) of section
362 36a-145, five hundred dollars.]

363 (D) Conversions from (i) a branch to a limited branch under
364 subdivision [(1)] (3) of subsection (c) of section 36a-145, as amended by
365 this act; and (ii) a limited branch to a branch under subdivision [(4)] (3)
366 of subsection (b) of section 36a-145, as amended by this act, five
367 hundred dollars.

368 (E) Merger or consolidation [of] involving a Connecticut bank under
369 section 36a-125 or subsection (a) of section 36a-126, two thousand five
370 hundred dollars if two institutions are involved and five thousand
371 dollars if three or more institutions are involved.

372 (F) [Purchase] Acquisition of assets or [assumption of liabilities,
373 other than by a Connecticut credit union or federal credit union,]
374 business under section 36a-210, as amended by this act, two thousand
375 five hundred dollars.

376 (G) Organization of a holding company under section 36a-181, two
377 thousand five hundred dollars.

378 (H) Organization of any Connecticut bank under section 36a-70,
379 fifteen thousand dollars, except no fee shall be required for the
380 organization of an interim Connecticut bank.

381 (I) Reorganization of a mutual savings bank or mutual savings and
382 loan association into a mutual holding company under section 36a-192,
383 five thousand dollars.

384 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five
385 thousand dollars; (ii) sections 36a-139, 36a-139a and 36a-469c, two
386 thousand five hundred dollars; and (iii) section 36a-139b, as amended
387 by this act, fifteen thousand dollars.

388 (K) Acquiring, altering or improving real estate for present or future
 389 use in the business of the bank or purchasing real estate adjoining any
 390 parcel of real estate owned by the bank under subdivision (33) of
 391 subsection (a) of section 36a-250, five hundred dollars, except there is
 392 no fee if the application is in connection with an application filed
 393 pursuant to subsection (b) or (c) of section 36a-145, as amended by this
 394 act.

395 (2) The fee for investigating and processing each acquisition
 396 statement filed under section 36a-184 is two thousand five hundred
 397 dollars, except if the acquisition statement is filed in connection with a
 398 transaction that requires one or more applications, a reasonable fee not
 399 to exceed two thousand five hundred dollars.

400 (3) Any fee for processing a notice of closing of a branch, limited
 401 branch or special need limited branch under subdivision (1) of
 402 subsection (f) of section 36a-145, as amended by this act, if charged,
 403 shall not exceed two thousand dollars. There shall be no fee for
 404 processing a notice of closing of any mobile branch.

405 (4) The fee for a miscellaneous [investigations] investigation shall be
 406 the actual cost of the investigation, as such cost is determined by the
 407 commissioner.

408 Sec. 4. Section 36a-136 of the general statutes is repealed and the
 409 following is substituted in lieu thereof (*Effective July 1, 2003*):

410 [(a) As used in this section: (1) "Eligible account holder" means any
 411 person holding a qualifying deposit; (2) "deposit account" means a
 412 deposit account, as defined in subdivision (21) of section 36a-2, but
 413 does not include an escrow account established pursuant to section 49-
 414 2a; (3) "qualifying deposit" means a deposit in a deposit account held
 415 on the eligibility record date. The amount of the qualifying deposit of
 416 an eligible account holder shall be the total of the deposit balances in
 417 the eligible account holder's deposit accounts in the converting
 418 institution as of the close of business on the eligibility record date.]

419 ~~[(b)]~~ (a) With the approval of the commissioner, any mutual savings
420 bank, mutual savings and loan association, federal mutual savings
421 bank or federal mutual savings and loan association may convert to a
422 capital stock bank in accordance with the provisions of this section and
423 the regulations adopted pursuant to subsection ~~[(h)]~~ (f) of this section,
424 provided this section does not apply to the conversion of a mutual
425 federal bank to a capital stock federal bank. The commissioner may
426 deny an application for conversion made pursuant to this section after
427 allowing the applicant a reasonable opportunity to be heard.

428 ~~[(c)]~~ (b) A conversion of a federal mutual savings bank or federal
429 mutual savings and loan association to a capital stock Connecticut
430 bank shall be authorized only if permitted by federal law and shall be
431 subject to all requirements prescribed by federal law. A conversion of a
432 mutual savings bank or mutual savings and loan association to a
433 capital stock federal bank shall be authorized only if permitted by
434 federal law and shall be subject to all requirements prescribed by
435 federal law.

436 ~~[(d)]~~ (c) The converting institution shall file with the commissioner a
437 proposed plan of conversion, a copy of the proposed amended
438 certificate of incorporation and a certificate by the secretary of the
439 converting institution that the proposed plan of conversion has been
440 approved, in accordance with subsection ~~[(e)]~~ (d) of this section, by the
441 governing board and in the case of a converting savings and loan
442 association, federal savings bank or federal savings and loan
443 association, the depositors or members thereof.

444 ~~[(e)]~~ (d) The plan of conversion shall require the approval of a
445 majority of the governing board of the converting institution. In the
446 case of a converting savings and loan association, the plan of
447 conversion shall also require the favorable vote of not less than fifty-
448 one per cent of the votes cast by depositors of such association at a
449 special meeting called to consider such conversion. In the case of a
450 federal savings bank or federal savings and loan association, the plan

451 of conversion shall require any vote of depositors or members
452 prescribed by federal law.

453 ~~[(f)]~~ (e) In any conversion under this section, each [eligible] account
454 holder of the converting institution deemed eligible under regulations
455 adopted pursuant to subsection (f) of this section shall receive, without
456 payment, nontransferable subscription rights to purchase capital stock
457 of the converted institution pursuant to a subscription offering, and
458 such offering shall precede any offering of the converting institution's
459 stock to the members of the community and of the general public.

460 ~~[(g)]~~ Each converting institution shall, at the time of conversion,
461 establish a liquidation account for the benefit of [eligible] such account
462 holders and such liquidation account shall establish a priority upon
463 liquidation. The ~~[provisions of this subsection]~~ requirement concerning
464 the establishment of a liquidation account shall not apply to the
465 formation of a mutual holding company or a reorganized savings
466 institution of such mutual holding company under sections 36a-192
467 and 36a-193 or to the issuance of capital stock by such reorganized
468 savings institution under sections 36a-195 and 36a-196.

469 ~~[(h)]~~ (f) The commissioner shall adopt regulations in accordance
470 with chapter 54 to govern the conversion of mutual institutions to
471 capital stock institutions. Such regulations shall be similar in scope and
472 content to the regulations of the Office of Thrift Supervision, 12 CFR
473 Part 563b, as from time to time amended, for the conversion of mutual
474 savings institutions into stock savings institutions. The commissioner
475 may waive any provision of the regulations adopted pursuant to this
476 section that is inconsistent with the regulations of the Office of Thrift
477 Supervision or if such waiver is necessary to comply with the
478 requirements of the Federal Deposit Insurance Corporation or its
479 successor agency.

480 ~~[(i)]~~ (g) If the commissioner certifies in writing that the protection of
481 depositors or other creditors of such converting institution requires
482 that the conversion proceed without delay, the commissioner may

483 waive any provision of the regulations adopted pursuant to subsection
484 [(h)] (f) of this section that the commissioner determines will cause
485 such delay.

486 [(j)] (h) The commissioner [shall] may approve a conversion under
487 this section only if the commissioner determines that: (1) The
488 converting institution has complied with all applicable provisions of
489 law; (2) the conversion would not result in any reduction of the
490 converting institution's amount of equity capital, less any
491 subordinated debt recognized as bona fide capital; (3) the conversion
492 would not result in a taxable reorganization of the converting
493 institution under the Internal Revenue Code of 1986, or any
494 subsequent corresponding internal revenue code of the United States,
495 as from time to time amended; and (4) the plan of conversion is fair to
496 depositors. The converted institution shall not commence business
497 unless its insurable accounts and deposits are insured by the Federal
498 Deposit Insurance Corporation or its successor agency.

499 Sec. 5. Section 36a-145 of the general statutes is repealed and the
500 following is substituted in lieu thereof (*Effective July 1, 2003*):

501 (a) As used in this section:

502 (1) "Branch" means any office at a fixed location of a Connecticut
503 bank, other than the main office, at which deposits are received, checks
504 paid and money lent and which, [maintains minimum banking hours
505 from nine o'clock a.m. until three o'clock p.m.,] at a minimum, is open
506 for banking business Monday through Friday.

507 (2) "Consolidate" means to combine within the same neighborhood,
508 without substantially affecting the nature of the business or customers
509 served, (A) two or more branches into a single branch; (B) one or more
510 branches and one or more limited branches into a single branch or
511 limited branch; (C) two or more limited branches into a single limited
512 branch; or (D) one or more branches or limited branches into a main
513 office.

514 [(2)] (3) "Limited branch" means any office at a fixed location of a
515 Connecticut bank at which banking business is conducted other than
516 the main office, branch or mobile branch.

517 [(3)] (4) "Mobile branch" means any office of a Connecticut bank at
518 which banking business is conducted which is in fact moved or
519 transported to one or more predetermined locations in accordance
520 with a predetermined schedule.

521 [(4)] (5) "Relocate" means to move within the same immediate
522 neighborhood without substantially affecting the nature of the
523 business or customers served.

524 (b) (1) With the approval of the commissioner, any Connecticut
525 bank may establish a branch in this state.

526 [(2)] The commissioner shall not approve the establishment of a
527 branch under this subsection unless the commissioner considers
528 whether: (A) Establishment of the branch will result in an
529 oversaturation of depository institutions in the town in which the
530 branch is to be located or in the area surrounding the town; (B)
531 establishment of the branch is consistent with safe and sound banking
532 practices; [in the town or the surrounding area;] (C) the Connecticut
533 bank seeking approval of the branch intends to operate the branch on a
534 long-term basis; and (D) the Connecticut bank maintains, and will
535 continue to maintain, a reasonable ratio of loans made in the state to
536 deposits received from residents of the state. In determining whether
537 to approve the establishment of a branch under this subsection, the
538 commissioner shall not consider the existence of any office established
539 under subsection (d) of section 36a-425 by the Connecticut bank, or by
540 a holding company of which the Connecticut bank is a subsidiary, that
541 is situated at or near the location of the branch.

542 [(3)] The commissioner shall not approve the establishment of any
543 branch under this subsection unless the commissioner makes the
544 findings required under section 36a-34.

545 (2) For a period of three years following the issuance of its final
546 certificate of authority pursuant to subsection (l) of section 36a-70, a
547 Connecticut bank may, with thirty days prior notice to the
548 commissioner, establish a branch in this state if the proposed branch
549 was approved as part of the application to organize such bank, unless
550 the commissioner requires an approval pursuant to subdivision (1) of
551 this subsection.

552 [(4)] (3) With the approval of the commissioner, any Connecticut
553 bank may convert a limited branch in this state to a branch. The
554 commissioner shall not approve a conversion under this subdivision
555 unless the commissioner considers such factors and makes such
556 findings under [subdivisions (2) and (3)] subdivision (1) of this
557 subsection as the commissioner deems applicable.

558 (c) (1) With the approval of the commissioner, any Connecticut bank
559 may establish in this state a limited branch [, either de novo or
560 resulting from the conversion of a branch,] that provides limited
561 services or is open for limited time periods. The commissioner shall
562 not approve the establishment of a limited branch under this
563 subdivision unless the commissioner considers such factors and makes
564 such findings under [subdivisions (2) and (3)] subdivision (1) of
565 subsection (b) of this section as the commissioner deems applicable.
566 The commissioner shall approve such establishment if the
567 commissioner determines that: (A) The interest of the neighborhood
568 where the limited branch is to be located will be served to advantage
569 by the establishment [or conversion] of the proposed branch, and (B)
570 the proposed products, services and banking hours are appropriate to
571 meet the convenience and needs of the neighborhood. [, and (C) in the
572 case of an establishment resulting from the conversion of a branch to a
573 limited branch, alternative banking services are available in the
574 neighborhood so that any reduction in services or hours will not result
575 in unmet banking needs.]

576 (2) For a period of three years following the issuance of its final

577 certificate of authority pursuant to subsection (l) of section 36a-70, a
578 Connecticut bank may, with thirty days prior notice to the
579 commissioner, establish a limited branch in this state if the proposed
580 limited branch was approved as part of the application to organize
581 such bank, unless the commissioner requires an approval pursuant to
582 subdivision (1) of this subsection.

583 (3) With the approval of the commissioner, any Connecticut bank
584 may convert a branch in this state to a limited branch. The
585 commissioner shall not approve a conversion under this subdivision
586 unless the commissioner considers such factors and makes such
587 findings under subdivision (1) of subsection (b) of this section as the
588 commissioner deems applicable, and the commissioner determines
589 that alternative banking services are available in the neighborhood so
590 that any reduction in services will not result in unmet banking needs.

591 ~~[(2)]~~ (4) With the approval of the commissioner, any Connecticut
592 bank may establish in this state a special need limited branch that
593 provides limited services or is open for limited time periods in order to
594 meet a special need of the neighborhood in which such limited branch
595 is to be located. The commissioner shall not approve the establishment
596 of a special need limited branch under this subdivision unless the
597 commissioner considers such factors and makes such findings and
598 determinations under subdivision (1) of this subsection as the
599 commissioner deems necessary.

600 ~~[(3)]~~ (5) A limited branch [or mobile branch] shall be conspicuously
601 identified as a branch of the Connecticut bank. The commissioner may
602 condition the approval of such branch with any other requirement that
603 the commissioner deems necessary or appropriate for the protection of
604 depositors or the Connecticut bank.

605 (d) (1) With the approval of the commissioner for each
606 predetermined location, any Connecticut bank may establish in this
607 state a mobile branch. [that provides full or limited services or is open
608 for full or limited time periods.] The commissioner shall not approve

609 the establishment of a mobile branch under this subsection unless the
610 commissioner makes the considerations, findings and determinations
611 required under subdivision (1) of subsection (c) of this section,
612 provided that in the case of a mobile branch established in order to
613 meet a special need of the neighborhood in which such mobile branch
614 is to be located, the commissioner shall not approve such
615 establishment unless the commissioner makes the considerations and
616 determinations required under subdivision [(2)] (4) of subsection (c) of
617 this section.

618 (2) A mobile branch shall be conspicuously identified as a branch of
619 the Connecticut bank. The commissioner may condition approval of
620 such mobile branch with any other requirement that the commissioner
621 deems necessary or appropriate for the protection of depositors or the
622 Connecticut bank.

623 (e) Nothing in this section shall prohibit a Connecticut bank from
624 establishing or operating a branch, limited branch or mobile branch in
625 the same or approximately the same location as another depository
626 institution, or continuing to operate as a branch, limited branch or
627 mobile branch in this state in the same or approximately the same
628 location, the business of any other depository institution which has
629 been acquired by the Connecticut bank.

630 (f) (1) A Connecticut bank which proposes to close any branch or
631 limited branch shall submit to the commissioner a notice of the
632 proposed closing not later than the first day of the ninety-day period
633 ending on the date proposed for that closing. The notice shall include a
634 detailed statement of the reasons for the decision to close the branch or
635 limited branch and the statistical and other information in support of
636 such reasons. After receipt of the notice, the commissioner may require
637 the Connecticut bank to submit any additional information.

638 (2) The Connecticut bank shall provide notice of the proposed
639 closing to its customers by:

640 (A) Posting a notice in a conspicuous manner on the premises of the
641 branch or limited branch proposed to be closed during a period not
642 less than the thirty-day period ending on the date proposed for that
643 closing; [.] and

644 (B) Including a notice in at least one of any regular account
645 statements mailed to customers of the branch or limited branch
646 proposed to be closed or in a separate mailing, by not later than the
647 beginning of the ninety-day period ending on the date proposed for
648 that closing.

649 (3) (A) A Connecticut bank which proposes to close any mobile
650 branch shall submit to the commissioner a notice of the proposed
651 closing not later than thirty days prior to the date proposed for such
652 closing. The notice shall include a detailed statement of the reasons for
653 the decision to close the mobile branch and the statistical and other
654 information in support of such reasons. After receipt of the notice, the
655 commissioner may require the Connecticut bank to submit any
656 additional information.

657 (B) A Connecticut bank which proposes to close any predetermined
658 location of a mobile branch shall notify the commissioner prior to the
659 closing of such location.

660 (g) With [the approval of the commissioner] thirty days prior
661 written notice to the commissioner, any Connecticut bank may relocate
662 within this state any branch or limited branch established in this state
663 in accordance with such notice to customers and other requirements as
664 the commissioner may prescribe.

665 (h) With thirty days prior written notice to the commissioner, any
666 Connecticut bank may consolidate within this state any branch, limited
667 branch or main office established in this state in accordance with such
668 notice to customers and other requirements as the commissioner may
669 prescribe.

670 [(h)] (i) With the approval of the commissioner, a Connecticut bank
671 may sell a branch, limited branch or mobile branch established in this
672 state to any bank, Connecticut credit union or federal credit union. The
673 selling Connecticut bank must have been in existence and
674 continuously operating for at least five years unless the commissioner
675 waives this requirement. The commissioner shall not approve such
676 sale if such acquiring bank or credit union, including all insured
677 depository institutions which are affiliates of the bank or credit union,
678 upon consummation of the sale, would control thirty per cent or more
679 of the total amount of deposits of insured depository institutions in
680 this state, unless the commissioner permits a greater percentage of
681 such deposits. Approval under this subsection shall not be required if
682 approval under section 36a-210, as amended by this act, is required for
683 such sale.

684 [(i)] (j) With the approval of the commissioner, a Connecticut bank
685 may establish a branch, limited branch or mobile branch outside of this
686 state in accordance with applicable law. The commissioner shall not
687 grant such approval, unless: (1) The commissioner finds, in accordance
688 with regulations adopted pursuant to chapter 54, that the Connecticut
689 bank has a record of compliance with the requirements of the
690 Community Reinvestment Act of 1977, 12 USC 2901 et seq., as from
691 time to time amended, sections 36a-30 to 36a-33, inclusive, to the extent
692 applicable, and applicable consumer protection laws; (2) the
693 Connecticut bank is adequately capitalized and the commissioner
694 determines that it will continue to be adequately capitalized; and (3)
695 the Connecticut bank is adequately managed and the commissioner
696 determines that it will continue to be adequately managed. The
697 commissioner may examine and supervise the out-of-state branches of
698 any such Connecticut bank and may enter into agreements with other
699 state or federal banking regulators or similar regulators in a foreign
700 country concerning such examinations or supervision. Any such
701 agreement may include provisions concerning the assessment or
702 sharing of fees for such examination or supervision.

703 [(j)] (k) With [the approval of] thirty days prior written notice to the
 704 commissioner, any Connecticut bank may relocate outside of this state
 705 any branch or limited branch established outside of this state in
 706 accordance with such notice to customers and other requirements as
 707 the commissioner may prescribe.

708 (l) With thirty days prior written notice to the commissioner, any
 709 Connecticut bank may consolidate outside of this state any branch or
 710 limited branch established outside of this state in accordance with such
 711 notice to customers and other requirements as the commissioner may
 712 prescribe.

713 [(k)] (m) With the approval of the commissioner, a Connecticut bank
 714 may sell a branch, limited branch or mobile branch established outside
 715 of this state. The selling Connecticut bank must have been in existence
 716 and continuously operating for at least five years unless the
 717 commissioner waives this requirement. Approval under this
 718 subsection shall not be required if approval under section 36a-210, as
 719 amended by this act, is required for such sale.

720 Sec. 6. Section 36a-210 of the general statutes is repealed and the
 721 following is substituted in lieu thereof (*Effective July 1, 2003*):

722 (a) (1) With the approval of the commissioner, [(1)] a Connecticut
 723 bank [or a Connecticut credit union may sell] may transfer all or a
 724 significant part of its assets [and] or business to a bank. [, and (2) a
 725 Connecticut credit union may sell all or a significant part of its assets
 726 and business to a Connecticut credit union or a federal credit union.]
 727 The [selling Connecticut] transferring bank must have been in
 728 existence and continuously operating for at least five years unless the
 729 commissioner waives this requirement. The commissioner shall not
 730 approve such [sale] transfer if the [purchasing institution] acquiring
 731 bank, including all insured depository institutions which are affiliates
 732 of such [institution] bank, upon consummation of the [sale] transfer,
 733 would control thirty per cent or more of the total amount of deposits of
 734 insured depository institutions in this state, unless the commissioner

735 permits a greater percentage of such deposits. The [selling and
736 purchasing institutions] transferring and acquiring banks shall file
737 with the commissioner a written agreement approved and executed by
738 a majority of the governing board of each [institution] bank prescribing
739 the terms and conditions of the transaction. In the case of a [sale]
740 transfer of all of the assets and business of the [selling institution]
741 transferring bank, the terms of the agreement shall at least provide for
742 full payment of the amounts due depositors [, share account holders]
743 and creditors of the [selling institution] transferring bank. Payment for
744 all or part of the assets and business of the [selling institution]
745 transferring bank may be made in cash or by making available on
746 demand to depositors [, share account holders] and other creditors
747 thereof funds on deposit with the [purchasing institution] acquiring
748 bank. Prior to the [sale] transfer of all or substantially all of the assets
749 and business of [an institution] a Connecticut bank pursuant to this
750 section, [the selling institution] such bank shall obtain authorization
751 for the [sale] transfer by the affirmative vote of at least: (A) Two-thirds
752 of the voting power of the outstanding shares of each class of stock,
753 whether or not otherwise entitled to vote, in the case of a capital stock
754 Connecticut bank; (B) two-thirds of the voting power of the [members
755 or] depositors, in the case of a mutual savings and loan association; [or
756 a Connecticut credit union;] and (C) two-thirds of the governing board
757 and two-thirds of the voting power of the corporators, in the case of
758 mutual savings bank, which voting power shall, in any event, be no
759 less than twenty-five corporators.

760 [(b)] In lieu of [the] such vote, [required by subsection (a) of this
761 section,] the commissioner may certify in writing that the protection of
762 depositors [, share account holders, members] or creditors of the
763 [selling institution] transferring bank requires that the [sale] transfer
764 proceed without delay.

765 (2) The provisions of this subsection shall not apply to the
766 liquidation of all of the retail deposits of a Connecticut bank pursuant
767 to subsection (e) of section 36a-139b.

768 [(c)] (3) When a Connecticut bank [or Connecticut credit union has
769 sold and conveyed] has transferred or arranged to [sell and convey]
770 transfer all of its assets and business in accordance with this section,
771 the governing board of [the selling institution] such bank shall, after
772 receiving the approval of the commissioner as provided in subdivision
773 (1) of this subsection, [(a),] send a written notice of such [sale] transfer
774 or proposed [sale] transfer to each of its depositors [, share account
775 holders] and other known creditors and shall cause a copy of such
776 notice to be published in a newspaper published in this state and
777 having a circulation in the town in which the main office of such
778 institution is located. Such notice shall inform the depositors [, share
779 account holders] and creditors of [the selling institution of the sale]
780 such bank of the transfer and of the terms thereof with reference to
781 payment of depositors [, share account holders] and creditors. Such
782 notice may provide that creditors other than depositors [and share
783 account holders] who fail to present their claims to [the selling
784 institution] such bank within four months of the date of the notice shall
785 be forever barred, and that creditors whose claims are presented
786 within the time limited but which are disallowed by [the selling
787 institution] such bank shall commence an action to enforce their claims
788 within three months of receipt of written notice disallowing their
789 claims or be forever barred. Depositors [or share account holders] shall
790 not be required to present claims for deposits [or share accounts] as
791 shown by the records of [the selling institution] such bank.

792 [(d)] At any time during the liquidation of the affairs of [the selling
793 institution] such bank, the governing board may have the privileges of
794 a business corporation in voluntary dissolution as provided by law.

795 [(e)] After the claims of depositors [, share account holders] and
796 creditors have been fully paid either by transfer to the [purchasing
797 institution] acquiring bank or in cash, or barred, the liability of the
798 [selling institution] transferring bank for such claims shall cease.

799 [(f)] Any surplus remaining in the hands of the [selling institution]

800 transferring Connecticut bank, after it has [sold] transferred all its
 801 assets and business, shall, after payment of the expenses of liquidation,
 802 be distributed to those entitled by law to receive such surplus in the
 803 manner provided in the agreement of [sale] transfer. Thereupon the
 804 governing board shall file a certificate with the commissioner stating
 805 that the affairs of [the institution] such bank have been fully
 806 liquidated. Upon verifying the certificate as to the facts stated therein,
 807 the commissioner shall endorse the certificate "approved" and shall file
 808 a copy in the office of the Secretary of the State. Upon the finding by
 809 the Secretary of the State that the certificate complies with law, the
 810 secretary shall endorse the same "approved" and record the certificate.
 811 Thereupon the corporate existence of [the institution] such bank shall
 812 cease.

813 [(g)] (b) No Connecticut bank may [purchase] acquire all or a
 814 significant part of the assets [and] or business of a federal bank, a
 815 federal credit union or an out-of-state bank [, and no Connecticut
 816 credit union may purchase all or a significant part of the assets and
 817 business of a federal credit union,] without the approval of the
 818 commissioner. Such Connecticut bank [or Connecticut credit union]
 819 shall file with the commissioner an application that includes a copy of
 820 any notice, application and other information filed with any federal or
 821 state banking [or credit union] regulator in connection with such
 822 [purchase] acquisition and such additional information as may be
 823 required by the commissioner. The commissioner shall not approve
 824 such [purchase] acquisition if: (1) It involves the acquisition of a
 825 federal bank or out-of-state bank that has not been in existence and
 826 continuously operating for at least five years, unless the commissioner
 827 waives this requirement; or (2) the [purchasing institution] acquiring
 828 bank, including all insured depository institutions which are affiliates
 829 of such institution, upon consummation of the purchase, would
 830 control thirty per cent or more of the total amount of deposits of
 831 insured depository institutions in this state, unless the commissioner
 832 permits a greater percentage of such deposits.

833 [(h)] (c) No bank or out-of-state bank may [purchase or otherwise]
834 acquire all or a significant part of the assets [and] or business of a
835 Connecticut bank or Connecticut credit union from the receiver of such
836 bank or credit union without the approval of the commissioner.

837 Sec. 7. Section 36a-412 of the general statutes is repealed and the
838 following is substituted in lieu thereof (*Effective July 1, 2003*):

839 (a) (1) Any out-of-state bank, whether or not owned or controlled by
840 an out-of-state holding company, may, with the approval of the
841 commissioner, merge or consolidate with or acquire a branch or
842 significant part of the assets or ten per cent or more of the stock of a
843 bank provided such bank has been in existence and continuously
844 operating for at least five years, unless the commissioner waives this
845 requirement, where the institution resulting from any such merger or
846 consolidation is an out-of-state bank, provided the laws of the home
847 state of such out-of-state bank authorize, under conditions no more
848 restrictive than those imposed by the laws of this state as determined
849 by the commissioner, a bank to merge or consolidate with or purchase
850 a branch or significant part of the assets or ten per cent or more of the
851 stock of an out-of-state bank whose home state is such state. Such
852 merger, consolidation or acquisition shall not take place if the out-of-
853 state bank, including all insured depository institutions which are
854 affiliates of the out-of-state bank, upon consummation of the merger,
855 consolidation or acquisition, would control thirty per cent or more of
856 the total amount of deposits of insured depository institutions in this
857 state, unless the commissioner permits a greater percentage of such
858 deposits. Any such merger, consolidation or acquisition of assets or
859 stock shall be effected in accordance with and subject to the filing
860 requirements and any limitations imposed by the laws of this state
861 with respect to mergers, consolidations and acquisitions between
862 banks. Any such out-of-state bank that engages in business in this state
863 shall comply with the requirements of section 33-920 or subsection (a)
864 of section 33-1210. Before approving any such merger, consolidation or
865 acquisition, the commissioner shall make such considerations,

866 determinations and findings as required by the laws of this state with
867 respect to mergers, consolidations and acquisitions between banks
868 and, in addition, shall consider whether such merger, consolidation or
869 acquisition can reasonably be expected to produce benefits to the
870 public and whether such benefits clearly outweigh possible adverse
871 effects, including, but not limited to, an undue concentration of
872 resources and decreased or unfair competition. The commissioner shall
873 not approve such merger, consolidation or acquisition unless the
874 commissioner considers whether: (A) The investment and lending
875 policies of the out-of-state bank, in the case of a merger or acquisition
876 of assets, or the proposed investment and lending policies of the bank,
877 in the case of an acquisition of stock, or of the institution that will
878 result from a consolidation, are consistent with safe and sound
879 banking practices and will benefit the economy of this state; (B) the
880 services of the bank or branch to be acquired, or of the institution that
881 will result from a merger, or the proposed services of the institution
882 that will result from a consolidation, are consistent with safe and
883 sound banking practices and will benefit the economy of this state; (C)
884 the merger, consolidation or acquisition will not substantially lessen
885 competition in the banking industry of this state; (D) in the case of a
886 merger or consolidation or the acquisition of twenty-five per cent or
887 more of such stock, the out-of-state bank (i) has sufficient capital to
888 ensure, and agrees to ensure, that the bank to be acquired or the
889 institution that will result from the merger or consolidation will
890 comply with applicable minimum capital requirements, and (ii) has
891 sufficient managerial resources to operate the bank to be acquired or
892 the institution that will result from the merger or consolidation in a
893 safe and sound manner; and (E) the out-of-state bank is in compliance
894 with applicable minimum capital requirements. The commissioner
895 shall not approve such merger, consolidation or acquisition unless the
896 commissioner makes the findings required by section 36a-34. Any out-
897 of-state bank that merges or consolidates with or acquires a branch
898 pursuant to this subdivision may establish additional branches in this
899 state in accordance with section 36a-145, as amended by this act.

900 (2) Any out-of-state bank, other than a foreign bank, may, with the
901 approval of the commissioner, and in accordance with the provisions
902 of this subdivision, establish a de novo branch in this state. Such
903 establishment shall not take place unless the laws of the home state of
904 such out-of-state bank authorize, under conditions no more restrictive
905 than those imposed by the laws of this state, as determined by the
906 commissioner, a bank to establish a de novo branch in the home state
907 of such out-of-state bank, provided the commissioner may waive such
908 reciprocity requirement for the establishment of a de novo branch the
909 activities of which are limited to the exercise of fiduciary or trust
910 powers if the commissioner finds that such establishment will result in
911 net new benefits to this state. Any request for such waiver of
912 reciprocity submitted by an out-of-state bank shall include a detailed
913 statement of the reasons for the request and statistical and other
914 information to support a finding of such net new benefits. Any such
915 establishment shall be effected in accordance with and subject to the
916 filing requirements and any limitations imposed by section 36a-145, as
917 amended by this act. Any such out-of-state bank that engages in
918 business in this state shall comply with the requirements of section
919 33-920 or subsection (a) of section 33-1210. Before approving any such
920 establishment, the commissioner shall make such considerations,
921 determinations and findings as required by section 36a-145, as
922 amended by this act, and, in addition, shall consider whether such
923 establishment can reasonably be expected to produce benefits to the
924 public and whether such benefits clearly outweigh possible adverse
925 effects, including, but not limited to, an undue concentration of
926 resources and decreased or unfair competition. The commissioner shall
927 not approve such establishment unless the commissioner considers
928 whether: (A) The investment and lending policies of the out-of-state
929 bank are consistent with safe and sound banking practices and will
930 benefit the economy of this state; (B) the proposed services of the
931 branch are consistent with safe and sound banking practices and will
932 benefit the economy of this state; (C) the establishment will not
933 substantially lessen competition in this state; (D) the out-of-state bank

934 is adequately managed and will continue to be adequately managed
935 upon establishment of such branch; and (E) the out-of-state bank is in
936 compliance with applicable minimum capital requirements. The
937 commissioner shall not approve such establishment unless the
938 commissioner makes the findings required by section 36a-34. An
939 out-of-state bank which has established a de novo branch in this state
940 in accordance with this subdivision may establish additional branches
941 in this state in accordance with section 36a-145, as amended by this act,
942 provided the activities of such additional branches of an out-of-state
943 bank for which the commissioner waived such reciprocity requirement
944 shall be limited to the exercise of fiduciary or trust powers. As used in
945 this subdivision, "net new benefits" means (i) initial capital
946 investments, including any new construction, (ii) job creation plans,
947 including, but not limited to, the number of jobs to be created and the
948 average wage rates for each category of such jobs, (iii) the potential for
949 increasing state and municipal tax revenues from increased economic
950 activity and increased employment, (iv) consumer and business
951 services and other benefits to the state, local community and citizens,
952 and (v) such other matters as the commissioner may deem necessary or
953 advisable.

954 (3) Any out-of-state bank, regardless of whether it has a branch in
955 this state, may merge or consolidate with or acquire a branch in this
956 state of an out-of-state bank that has a branch in this state.

957 (4) (A) Except as provided in this section, the laws of this state shall
958 apply to any branch in this state of an out-of-state bank to the same
959 extent as such laws would apply if the branch were a federal bank,
960 provided the following laws shall apply to any branch in this state of
961 an out-of-state bank to the same extent as such laws apply to a branch
962 of a Connecticut bank: (i) Community reinvestment laws including
963 sections 36a-30 to 36a-33, inclusive, (ii) consumer protection laws
964 including sections 36a-41 to 36a-45, inclusive, 36a-290 to 36a-304,
965 inclusive, 36a-306, 36a-307, 36a-315 to 36a-323, inclusive, 36a-645 to
966 36a-647, inclusive, 36a-690, 36a-695 to 36a-700, inclusive, 36a-705 to

967 36a-707, inclusive, 36a-715 to 36a-718, inclusive, 36a-725, 36a-726, 36a-
968 755 to 36a-759, inclusive, 36a-770 to 36a-788, inclusive, and 36a-800 to
969 36a-810, inclusive, (iii) fair lending laws including sections 36a-16, 36a-
970 737, 36a-740 and 36a-741, and (iv) branching laws including sections
971 36a-23 and 36a-145, as amended by this act.

972 (B) Except as provided in this section, an out-of-state bank, other
973 than a federally-chartered out-of-state bank, that establishes a branch
974 in this state may conduct any activity at such branch (i) if such activity
975 is permissible under the laws of the home state of such out-of-state
976 bank, and (ii) to the same extent as such activity is permissible for
977 either a Connecticut bank or a branch in this state of a federally-
978 chartered out-of-state bank. If the commissioner determines that a
979 branch in this state of an out-of-state bank, other than a federally-
980 chartered out-of-state bank, is being operated in violation of any
981 applicable law of this state or in an unsafe and unsound manner, the
982 commissioner may take any enforcement action authorized under this
983 title against such out-of-state bank to the same extent as if such branch
984 were a Connecticut bank, provided the commissioner shall promptly
985 give notice of such action to the home state banking regulator of such
986 out-of-state bank and, to the extent practicable, shall consult and
987 cooperate with such regulator in pursuing and resolving such action.

988 (5) Any out-of-state bank that merges or consolidates with or
989 acquires the assets of a bank or establishes in this state a de novo
990 branch shall be subject to the supervision and examination of the
991 commissioner pursuant to regulations adopted by the commissioner in
992 accordance with chapter 54 and shall make reports to the
993 commissioner as required by the laws of this state. The commissioner
994 may examine and supervise the Connecticut branches of any such out-
995 of-state bank and may enter into agreements with other state or federal
996 banking regulators or similar regulators in a foreign country
997 concerning such examinations or supervision. [The] Any such
998 agreement may include provisions concerning the assessment or
999 sharing of fees for such examination or supervision. Unless waived by

1000 the commissioner, the provisions of this section shall apply to the
1001 acquisition of the assets of any bank from the receiver of such bank by
1002 any out-of-state bank.

1003 (b) A bank may merge or consolidate with an out-of-state bank
1004 where the resulting institution is a bank, or acquire a branch or a
1005 significant part of the assets or ten per cent or more of the stock of an
1006 out-of-state bank, in accordance with applicable law. Any such merger,
1007 consolidation or acquisition of assets or stock shall be effected in
1008 accordance with and subject to the limitations imposed by the laws of
1009 this state with respect to mergers, consolidations and acquisitions
1010 between banks. Any such bank may continue to operate as a branch
1011 the business of the out-of-state bank with which it has merged or
1012 consolidated or the assets of which it has acquired to the extent of the
1013 powers otherwise possessed by such bank. The commissioner may
1014 examine and supervise the out-of-state branches of any such
1015 Connecticut bank, and may enter into agreements with other state or
1016 federal banking regulators or similar regulators in a foreign country
1017 concerning such examinations or supervision. Any such agreement
1018 may include provisions concerning the assessment or sharing of fees
1019 for such examination or supervision.

1020 (c) Any acquisition by a Connecticut bank of ten per cent or more of
1021 the stock of another bank or an out-of-state bank pursuant to the
1022 authority of subsection (b) of this section is not subject to any
1023 provisions of this title limiting the ownership of stock in such
1024 institutions.

1025 Sec. 8. Section 36a-296 of the general statutes is repealed and the
1026 following is substituted in lieu thereof (*Effective July 1, 2003*):

1027 (a) (1) No bank, Connecticut credit union, or federal credit union
1028 shall establish any deposit or share account in which deposits or shares
1029 are to be held by one natural person in trust for another natural person
1030 unless the depositor or share account holder provides the bank,
1031 Connecticut credit union, or federal credit union with the name and a

1032 residential address for the beneficiary, upon establishing the deposit or
1033 share account or thereafter at the request of the bank, Connecticut
1034 credit union, or federal credit union. The depositor or share account
1035 holder may also provide the bank, Connecticut credit union, or federal
1036 credit union with a writing signed by the depositor or share account
1037 holder specifying the terms of the trust under which such deposit or
1038 share account is to be held. Unless such writing specifies to the
1039 contrary, it shall be conclusively presumed that the depositor or share
1040 account holder intends to create a trust of all funds credited to the
1041 deposit or share account from time to time upon the following terms:
1042 (A) The depositor or share account holder during the depositor's or
1043 share account holder's life may withdraw, or authorize charges
1044 against, such funds; (B) if the depositor or share account holder
1045 survives the named beneficiary, the named beneficiary's death shall
1046 terminate the trust and title to the deposit or share account shall
1047 thereupon vest in the depositor or share account holder free and clear
1048 of the trust; (C) if the named beneficiary survives the depositor or
1049 share account holder, the depositor's or share account holder's death
1050 shall terminate the trust and title to the deposit account or share
1051 account, subject to any membership restrictions for Connecticut credit
1052 unions or federal credit unions, shall thereupon vest in the named
1053 beneficiary free and clear of the trust. (2) Any bank, Connecticut credit
1054 union, or federal credit union shall be fully protected in making
1055 payment of any moneys credited to such deposit or share account in
1056 accordance with the terms of such signed writing or, in the event such
1057 writing does not specify to the contrary, in accordance with the
1058 presumptions contained in this subsection that are applicable, and the
1059 title of any person to any moneys credited to such deposit or share
1060 account and the effect of such signed writing with respect to the
1061 deposit or share account or, in the event such writing does not specify
1062 to the contrary, the effect of the presumptions contained in this
1063 subsection shall not be denied, abridged or in any way affected
1064 because such signed writing was not executed in accordance with, or
1065 otherwise fails to comply with, the laws of this state prescribing the

1066 requirements to effect a valid testamentary disposition of property or
1067 because of any absence of delivery or compliance with other
1068 requirements to effect a valid gift or transfer in trust. (3) The
1069 provisions of this subsection do not apply to deposit or share accounts
1070 accompanied by a writing of the type described in subsection (b) of
1071 this section or to any deposit or share account opened primarily for
1072 business or professional purposes, including, but not limited to,
1073 escrow accounts, trust accounts and clients' funds accounts.

1074 (b) In the case of a deposit or share account established or
1075 maintained with a bank, Connecticut credit union, or federal credit
1076 union by a trustee under a will or trust agreement or under the terms
1077 of some other written document, or by a trustee pursuant to statute or
1078 order of a court, the trustee shall provide the bank, Connecticut credit
1079 union, or federal credit union with a writing identifying such will,
1080 agreement, other written document, statute or order; and any moneys
1081 credited to a deposit or share account with respect to which the trustee
1082 has filed such a writing shall be paid only to or upon the order of such
1083 trustee or of the successor trustee. If the trustee is serving in such
1084 capacity under a will, trust agreement or other written document, a
1085 certified copy of such document shall be filed by the depositor or share
1086 account holder if at any time requested by the bank, Connecticut credit
1087 union, or federal credit union but such bank, Connecticut credit union,
1088 or federal credit union shall not be charged with notice, actual or
1089 constructive, of the contents of such will, trust agreement, or other
1090 written document. Such bank, Connecticut credit union, or federal
1091 credit union shall be fully protected in paying over any moneys
1092 credited to such deposit or share account to or upon the order of the
1093 trustee establishing or maintaining the deposit or share account or the
1094 successor trustee and shall be under no duty to inquire into the
1095 application of funds so paid.

1096 (c) (1) Subsection (a) of this section applies to all deposit accounts
1097 governed by its provisions established (A) on or after June 13, 1963,
1098 and (B) prior to that date if the depositor when establishing such

1099 deposit account or at any time thereafter provides a writing meeting
1100 the requirements of subsection (a) of this section. Subsection (b) of this
1101 section applies to all deposit accounts governed by its provisions
1102 whether such deposit accounts were established prior to June 13, 1963,
1103 or are established on or after that date.

1104 (2) Subsection (a) of this section applies to all share accounts
1105 governed by its provisions which are established at Connecticut credit
1106 unions and federal credit unions (A) on or after October 1, 2001, and
1107 (B) prior to that date if the [depositor] share account holder when
1108 establishing such share account or at any time thereafter provides a
1109 writing meeting the requirements of subsection (a) of this section.
1110 Subsection (b) of this section applies to all share accounts governed by
1111 its provisions whether such share accounts were established prior to
1112 October 1, 2001, or are established on or after that date.

1113 Sec. 9. Subsection (a) of section 36a-333 of the general statutes is
1114 repealed and the following is substituted in lieu thereof (*Effective July*
1115 *1, 2003*):

1116 (a) To secure public deposits, each qualified public depository shall
1117 at all times maintain, segregated from its other assets as provided in
1118 subsection (b) of this section, eligible collateral in an amount at least
1119 equal to the following percentage of public deposits held by the
1120 depository: (1) For any qualified public depository having a risk-based
1121 capital ratio of ten per cent or greater, a sum equal to ten per cent of all
1122 public deposits held by the depository; (2) for any qualified public
1123 depository having a risk-based capital ratio of less than ten per cent
1124 but greater than or equal to eight per cent, a sum equal to twenty-five
1125 per cent of all public deposits held by the depository; (3) for any
1126 qualified public depository having a risk-based capital ratio of less
1127 than eight per cent but greater than or equal to three per cent, a sum
1128 equal to one hundred per cent of all public deposits held by the
1129 depository; [and] (4) for any qualified public depository having a risk-
1130 based capital ratio of less than three per cent, and, notwithstanding the

1131 provisions of subdivisions (1) to (3), inclusive, of this subsection, for
1132 any qualified public depository which has been conducting business in
1133 this state for a period of less than two years except for a qualified
1134 public depository that is a successor institution to a qualified public
1135 depository which conducted business in this state for two years or
1136 more, a sum equal to one hundred and twenty per cent of all public
1137 deposits held by the depository; provided, the qualified public
1138 depository and the public depositor may agree on an amount of
1139 eligible collateral to be maintained by the depository that is greater
1140 than the minimum amounts required under subdivisions (1) to (4),
1141 inclusive, of this subsection; (5) notwithstanding the risk-based capital
1142 ratio provisions of subdivisions (1) to (3), inclusive, of this subsection,
1143 for any qualified public depository that is an uninsured bank, as
1144 defined in subdivision (1) of subsection (t) of section 36a-70, a sum
1145 equal to one hundred twenty per cent of all public deposits held by the
1146 depository; and (6) notwithstanding the risk-based capital ratio
1147 provisions of subdivisions (1) to (3), inclusive, of this subsection, for
1148 any qualified public depository that is subject to an order to cease and
1149 desist, or has entered into a stipulation and agreement, or a letter of
1150 understanding and agreement with a bank or credit union supervisor,
1151 a sum equal to one hundred twenty per cent of all public deposits held
1152 by the depository, provided, the qualified public depository and the
1153 public depositor may agree on an amount of eligible collateral to be
1154 maintained by the depository that is greater than the minimum
1155 amounts required under subdivisions (1) to (6), inclusive, of this
1156 subsection. For purposes of this subsection, the amount of all public
1157 deposits held by the depository shall be determined based on either
1158 the public deposits reported on the most recent quarterly call report or
1159 the average of the public deposits reported on the four most recent
1160 quarterly call reports, whichever amount is greater. For purposes of
1161 this subsection, the depository's risk-based capital ratio shall be
1162 determined, in accordance with applicable federal regulations and
1163 regulations adopted by the commissioner in accordance with chapter
1164 54, based on the most recent quarterly call report, provided (A) if,

1165 during any calendar quarter after the issuance of such report, the
 1166 depository experiences a decline in its risk-based capital ratio to a level
 1167 that would require the depository to maintain a higher amount of
 1168 eligible collateral under subdivisions (1) to (4), inclusive, of this
 1169 subsection, the depository shall increase the amount of eligible
 1170 collateral maintained by it to the minimum required under
 1171 subdivisions (1) to (4), inclusive, of this subsection based on such lower
 1172 risk-based capital ratio and shall notify the commissioner of its actions;
 1173 and (B) if, during any calendar quarter after the issuance of such
 1174 report, the commissioner reasonably determines that the depository's
 1175 risk-based capital ratio is likely to decline to a level that would require
 1176 the depository to maintain a higher amount of eligible collateral under
 1177 subdivisions (1) to (4), inclusive, of this subsection, the commissioner
 1178 may require that the depository increase the amount of eligible
 1179 collateral maintained by it to the minimum required under
 1180 subdivisions (1) to (4), inclusive, of this subsection based on the
 1181 commissioner's determination of such lower risk-based capital ratio.

1182 Sec. 10. Subsection (b) of section 36a-139b of the general statutes is
 1183 repealed and the following is substituted in lieu thereof (*Effective July*
 1184 *1, 2003*):

1185 (b) The converting bank shall file with the commissioner a proposed
 1186 plan of conversion, a copy of the proposed amended certificate of
 1187 incorporation and a certificate by the secretary of the converting bank
 1188 that the proposed plan of conversion and proposed certificate of
 1189 incorporation have been approved in accordance with subsection (c) of
 1190 this section.

1191 Sec. 11. Section 36a-435b of the general statutes is repealed and the
 1192 following is substituted in lieu thereof (*Effective July 1, 2003*):

1193 As used in sections 36a-435a to 36a-472a, inclusive, unless the
 1194 context otherwise requires:

1195 (1) "Branch" means any office of a Connecticut credit union at a

1196 fixed location, other than the main office, at which shares or deposits
1197 are received, share drafts or checks are paid, or money is lent;

1198 (2) "Capital" means undivided earnings, regular reserves, other
1199 special purpose reserves, donated equity, and accumulated, unrealized
1200 gains or losses on securities in accordance with generally accepted
1201 accounting principles;

1202 (3) "Certificate of incorporation" means the certificate of
1203 incorporation of a Connecticut credit union and includes in the case of
1204 Connecticut credit unions in existence on July 1, 1975, articles of
1205 association, articles of incorporation and certificates of organization;

1206 (4) "Corporate", when used in conjunction with any institution that
1207 is a Connecticut credit union, federal credit union or out-of-state credit
1208 union, means a corporate credit union, as defined in 12 CFR 704.2, as
1209 from time to time amended;

1210 (5) "Credit manager" means a natural person approved by the
1211 governing board of a Connecticut credit union and employed by such
1212 credit union to supervise its lending activities;

1213 (6) "Credit union service organization services" means those services
1214 that are authorized for credit union service organizations under state
1215 or federal law, and that are closely related to credit union business, are
1216 convenient and useful to credit union business, are reasonably related
1217 to the operations of a credit union or are financial in nature;

1218 (7) "Director" means a member of the governing board, a director
1219 emeritus or an advisory director of a Connecticut credit union;

1220 (8) "Federal Credit Union Act" means 12 USC Section 1751 et seq., as
1221 from time to time amended;

1222 (9) "Financial institution" means any Connecticut credit union, bank,
1223 federal credit union, out-of-state bank or out-of-state credit union;

1224 (10) "Immediate family member" means any person related by
1225 blood, adoption or marriage to a person within the field of
1226 membership of the Connecticut credit union;

1227 (11) "Member" means any person who has been admitted to
1228 membership in the Connecticut credit union in accordance with this
1229 chapter;

1230 (12) "Member in good standing" means a member who (A) owns at
1231 least one membership share in a credit union, (B) is current on all
1232 credit obligations to the credit union, and (C) has not caused the credit
1233 union a credit or share loss that remains outstanding;

1234 (13) "Membership share" means a share equal to the stated par value
1235 of the Connecticut credit union which may not be withdrawn or
1236 transferred except upon termination of membership and which confers
1237 membership and voting rights on the member;

1238 (14) "Mobile branch" means any office of a Connecticut credit union
1239 at which credit union business is conducted, which is in fact moved or
1240 transported to one or more predetermined locations in accordance
1241 with a predetermined schedule;

1242 [(14)] (15) "Multiple common bond membership" means a field of
1243 membership consisting of more than one group of individuals, each of
1244 which has, within the group, a common bond of occupation or
1245 association;

1246 [(15)] (16) "Officer" means the chairperson, vice chairperson,
1247 secretary and treasurer of the governing board of a Connecticut credit
1248 union;

1249 [(16)] (17) "Senior management" means the president or chief
1250 executive officer, vice president or vice chief executive officer, chief
1251 financial officer, credit manager, and any person occupying a similar
1252 status or performing a similar function;

1253 [(17)] (18) "Share" means the basic unit of moneys held by a member
1254 of a Connecticut credit union in share accounts at a Connecticut credit
1255 union on which a dividend may be paid;

1256 [(18)] (19) "Single common bond membership" means a field of
1257 membership consisting of one group that has a common bond of
1258 occupation or association.

1259 Sec. 12. Section 36a-455a of the general statutes is repealed and the
1260 following is substituted in lieu thereof (*Effective July 1, 2003*):

1261 A Connecticut credit union may:

1262 (1) Transact a general credit union business and exercise by its
1263 governing board or duly authorized members of senior management,
1264 subject to applicable law, all such incidental powers as are consistent
1265 with its purposes. The express powers authorized for a Connecticut
1266 credit union under this section do not preclude the existence of
1267 additional powers deemed to be incidental to the transaction of a
1268 general credit union business pursuant to this subdivision;

1269 (2) (A) Issue shares to its members and receive payments on shares
1270 from its members and from those nonmembers specified in subsection
1271 (e) of section 36a-456a, subject to the provisions of sections 36a-290 to
1272 36a-297, inclusive, 36a-330 to 36a-338, inclusive, and section 36a-456a,
1273 (B) receive deposits of members and nonmembers subject to provisions
1274 of sections 36a-456a and 36a-456b, (C) reduce the amount of its
1275 member and nonmember shares and deposits, and (D) expel members
1276 and cancel shares in accordance with section 36a-439a;

1277 (3) Make and use its best efforts to make secured and unsecured
1278 extensions of credit to its members in accordance with section 36a-265
1279 and sections 36a-457a, 36a-457b and 36a-458a;

1280 (4) Invest its funds in accordance with section 36a-459a;

1281 (5) Declare and pay dividends in accordance with sections 36a-441a

1282 and 36a-456c, and pay interest refunds to borrowers;

1283 (6) Act as a finder or agent for the sale of insurance and fixed and
1284 variable rate annuities directly, sell insurance and such annuities
1285 indirectly through a Connecticut credit union service organization, or
1286 enter into arrangements with third-party marketing organizations for
1287 the sale by such third-party marketing organizations of insurance or
1288 such annuities on the premises of the Connecticut credit union or to
1289 members of the Connecticut credit union, provided: (A) Such
1290 insurance and annuities are issued or purchased by or from an
1291 insurance company licensed in accordance with section 38a-41; and (B)
1292 the Connecticut credit union, Connecticut credit union service
1293 organization or third-party marketing organization, and any officer
1294 and employee thereof, shall be licensed as required by section 38a-769
1295 before engaging in any of the activities authorized by this subdivision.
1296 As used in this subdivision, "annuities" and "insurance" have the same
1297 meanings as set forth in section 38a-41, except that "insurance" does
1298 not include title insurance. The provisions of this subdivision do not
1299 authorize a Connecticut credit union or Connecticut credit union
1300 service organization to underwrite insurance or annuities;

1301 (7) Borrow money to an amount not exceeding fifty per cent of the
1302 total assets of the Connecticut credit union provided the credit union
1303 shall give prior notice to the Commissioner of Banking in writing of its
1304 intention to borrow amounts in excess of thirty-five per cent of its total
1305 assets;

1306 (8) Act as fiscal agent for the federal government, this state or any
1307 agency or political subdivision thereof;

1308 (9) Provide loan processing, loan servicing, member check and
1309 money order cashing services, disbursement of share withdrawals and
1310 loan proceeds, money orders, internal audits, automated teller
1311 machine services and other similar services to other Connecticut credit
1312 unions, federal credit unions and out-of-state credit unions;

1313 (10) Provide finder services to its members, including the offering of
1314 third party products and services through the sale of advertising space
1315 on its web site, account statements and receipts, and the sale of
1316 statistical or consumer financial information to outside vendors in
1317 accordance with sections 36a-40 to 36a-45, inclusive, in order to
1318 facilitate the sale of such products to the members of such Connecticut
1319 credit union;

1320 (11) With the prior approval of the Commissioner of Banking,
1321 exercise fiduciary powers;

1322 (12) Maintain and rent safe deposit boxes within suitably
1323 constructed vaults, provided the Connecticut credit union has
1324 adequate insurance coverage for losses related to such rental;

1325 (13) Provide certification services, including notary services,
1326 signature guaranties, certification of electronic signatures and share
1327 draft certifications;

1328 (14) Act as agent (A) in the collection of taxes for any qualified
1329 treasurer of any taxing district or qualified collector of taxes, or (B) for
1330 any electric, electric distribution, gas, water or telephone company
1331 operating within this state in receiving moneys due such company for
1332 utility services furnished by it;

1333 (15) Issue and sell securities which (A) are guaranteed by the
1334 Federal National Mortgage Association or any other agency or
1335 instrumentality authorized by state or federal law to create a
1336 secondary market with respect to extensions of credit of the type
1337 originated by the Connecticut credit union, or (B) subject to the
1338 approval of the Commissioner of Banking, relate to extensions of credit
1339 originated by the Connecticut credit union and are guaranteed or
1340 insured by a financial guaranty insurance company or comparable
1341 private entity;

1342 (16) Establish a charitable fund, either in the form of a charitable

1343 trust or a nonprofit corporation to assist in making charitable
1344 contributions, provided (A) the trust or nonprofit corporation is
1345 exempt from federal income taxation and may accept charitable
1346 contributions under Section 501 of the Internal Revenue Code of 1986,
1347 or any subsequent corresponding internal revenue code of the United
1348 States, as from time to time amended, (B) the trust or nonprofit
1349 corporation's operations are disclosed fully to the Commissioner of
1350 Banking upon request, and (C) the trust department of the credit union
1351 or one or more directors or members of senior management of the
1352 credit union act as trustees or directors of the fund;

1353 (17) In the discretion of a majority of its governing board, make
1354 contributions or gifts to or for the use of any corporation, trust or
1355 community chest, fund or foundation created or organized under the
1356 laws of the United States or of this state and organized and operated
1357 exclusively for charitable, educational or public welfare purposes, or of
1358 any hospital which is located in this state and which is exempt from
1359 federal income taxes and to which contributions are deductible under
1360 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
1361 corresponding internal revenue code of the United States, as from time
1362 to time amended;

1363 (18) [Sell] Subject to the provisions of section 36a-455b, as amended
1364 by this act, sell, pledge or assign any or all of its outstanding
1365 extensions of credit to any other lending institution, credit union
1366 service organization or quasi-governmental entity and any
1367 government-sponsored enterprise, and act as collecting, remitting and
1368 servicing agent in connection with any such extension of credit and
1369 charge for its acts as agent. Any such credit union may purchase the
1370 minimum amount of capital stock of such entity or enterprise if
1371 required by that entity or enterprise to be purchased in connection
1372 with the sale, pledge or assignment of extensions of credit to that entity
1373 or enterprise and may hold and dispose of such stock, provided that
1374 with respect to purchases of stock of a credit union service
1375 organization, the Connecticut credit union shall not exceed the

1376 limitations of section 36a-459a. A Connecticut credit union may
1377 purchase one or more outstanding extensions of credit from any other
1378 lending institution and any federally-recognized Native American
1379 tribe, provided there exists a formal written agreement with tribal
1380 government to permit the credit union to service and collect on such
1381 extensions of credit;

1382 (19) [Sell] Subject to the provisions of sections 36a-455b, as amended
1383 by this act, sell a participating interest in any or all of its outstanding
1384 extensions of credit to and purchase a participating interest in any or
1385 all of the outstanding extensions of credit of any financial institution or
1386 credit union service organization pursuant to an appropriate written
1387 participation and servicing agreement to be signed by all parties
1388 involved in such transaction;

1389 (20) With the approval of the Commissioner of Banking, join the
1390 Federal Home Loan Bank System and borrow funds as provided under
1391 federal law;

1392 (21) [Sell] Subject to the provisions of section 36a-455b, as amended
1393 by this act, sell all or part of its assets, other than extensions of credit,
1394 to other lending institutions, purchase all or part of the assets, other
1395 than extensions of credit, of other lending institutions, and assume all
1396 or part of the shares and the liabilities of any other credit union or out-
1397 of-state credit union;

1398 (22) With the prior written approval of the Commissioner of
1399 Banking, engage in closely related activities, unless the Commissioner
1400 of Banking determines that any such activity shall be conducted by a
1401 credit union service organization of the Connecticut credit union,
1402 utilizing such organizational, structural or other safeguards as the
1403 Commissioner of Banking may require, in order to protect the
1404 Connecticut credit union from exposure to loss. As used in this
1405 subdivision, "closely related activities" means those activities that are
1406 closely related, convenient and necessary to the business of a
1407 Connecticut credit union, are reasonably related to the operation of a

1408 Connecticut credit union or are financial in nature including, but not
1409 limited to, business and professional services, data processing, courier
1410 and messenger services, credit-related activities, consumer services,
1411 services related to real estate, financial consulting, tax planning and
1412 preparation, community development activities, or any activities
1413 reasonably related to such activities;

1414 (23) With the approval of the Commissioner of Banking, engage in
1415 any activity that a federal credit union or out-of-state credit union may
1416 be authorized to engage in under state or federal law. The application
1417 for such approval shall be in writing and shall include a description of
1418 the activity, a description of the financial impact of the activity on the
1419 Connecticut credit union, citation of the legal authority to engage in
1420 the activity under state or federal law, a description of any limitations
1421 or restrictions imposed on such activity under state or federal law, and
1422 any other information that the Commissioner of Banking may require.
1423 The Commissioner of Banking shall approve or disapprove such
1424 activity not later than thirty days after the application filed is complete.
1425 The Commissioner of Banking may impose any limitations or
1426 conditions to ensure that any such activity is conducted in a safe and
1427 sound manner with adequate consumer protections. The provisions of
1428 this subdivision do not authorize a Connecticut credit union or a
1429 Connecticut credit union service organization to sell title insurance.

1430 Sec. 13. Section 36a-455b of the general statutes is repealed and the
1431 following is substituted in lieu thereof (*Effective July 1, 2003*):

1432 (a) A Connecticut credit union may, with the approval of the
1433 commissioner, [sell all or] transfer all or a significant part of its assets
1434 [in accordance with the provisions of section 36a-210] as provided in
1435 subdivisions (18), (19) and (21) of section 36a-455a, as amended by this
1436 act, or transfer all or a significant part of its assets or business to a
1437 bank, a Connecticut credit union or a federal credit union. The
1438 commissioner shall not approve such transfer if the acquirer, including
1439 all insured depository institutions which are affiliates of the acquirer,

1440 upon consummation of the sale, would control thirty per cent or more
 1441 of the total amount of deposits of insured depository institutions in
 1442 this state, unless the commissioner permits a greater percentage of
 1443 such deposits. The transferring credit union and the acquirer shall file
 1444 with the commissioner a written agreement prescribing the terms and
 1445 conditions of the transaction, and such additional information as may
 1446 be required by the commissioner. Such agreement shall be approved
 1447 and executed by a majority of the governing board of the transferring
 1448 credit union and of the acquirer, provided if the acquirer does not have
 1449 a governing board, the agreement may be executed by a person
 1450 authorized to execute the agreement on behalf of the acquirer.
 1451 Payment for all or part of the assets and business of the transferring
 1452 credit union may be made in cash or by making available on demand
 1453 to share account holders and other creditors thereof funds on deposit
 1454 with the acquirer. The commissioner may require the transferring
 1455 credit union to obtain authorization for the transfer by the affirmative
 1456 vote of at least a majority of the members of such credit union. A
 1457 Connecticut credit union that transfers all of its assets and business
 1458 shall comply with the provisions of section 36a-470a.

1459 (b) A Connecticut credit union may, with the approval of the
 1460 commissioner, sell a branch.

1461 (c) No Connecticut credit union may acquire all or a significant part
 1462 of the assets or business of a federal credit union without the approval
 1463 of the commissioner. Such Connecticut credit union shall file with the
 1464 commissioner an application that includes a copy of any notice,
 1465 application and other information filed with any federal credit union
 1466 regulator in connection with such acquisition and such additional
 1467 information as may be required by the commissioner.

1468 Sec. 14. Section 36a-462a of the general statutes is repealed and the
 1469 following is substituted in lieu thereof (*Effective July 1, 2003*):

1470 (a) (1) No Connecticut credit union shall establish a branch in this
 1471 state or outside of this state unless prior to such establishment the

1472 credit union has filed with the Commissioner of Banking an
1473 application to establish a branch. [and such application has not been
1474 disapproved by] The Connecticut credit union may establish such
1475 branch unless the Commissioner of Banking disapproves the
1476 application not later than thirty days after the application has been
1477 filed with the Commissioner of Banking.

1478 [(b)] The Commissioner of Banking may disapprove an application
1479 to establish a branch if the Commissioner of Banking finds that: [(1)]
1480 (A) Establishment of the proposed branch is inconsistent with safety
1481 and soundness; [(2)] (B) establishment of the proposed branch is
1482 inconsistent with the Connecticut credit union's field of membership;
1483 [(3)] (C) in the case of a Connecticut credit union whose membership is
1484 limited to persons with a single common bond or multiple common
1485 bond, [establishment of the proposed branch will result in an
1486 impermissible overlap with the field of membership of other credit
1487 unions] the establishment of the proposed branch will result in an
1488 oversaturation of credit unions in the town in which the branch is to be
1489 located; [(4)] (D) in the case of a Connecticut credit union whose
1490 membership is limited to a well-defined community, neighborhood or
1491 rural district, [(A)] (i) the proposed branch is not generally accessible
1492 to the public, [(B) the] (ii) establishment of the proposed branch will
1493 result in an oversaturation of financial institutions in the town in
1494 which the branch is to be located, or [(C)] (iii) such credit union does
1495 not have a record of compliance with the requirements of sections 36a-
1496 37 to 36a-37e, inclusive; or [(5)] (E) in the case of an out-of-state branch,
1497 the laws of such other state do not authorize the establishment of such
1498 branch.

1499 [(c)] Except as provided in [subsection (b) of this section] this
1500 subdivision, a Connecticut credit union may establish or operate a
1501 branch in the same or approximately the same location as another
1502 financial institution, provided any such institution's insurable accounts
1503 or deposits are federally insured.

1504 [(d) (1)] (2) (A) A Connecticut credit union that proposes to close a
1505 branch within or outside of this state shall submit to the Commissioner
1506 of Banking a notice of the proposed closing as soon as possible but not
1507 less than thirty days prior to the closing date. The notice shall include a
1508 detailed statement of the reasons for the decision to close the branch.

1509 [(2)] (B) The Connecticut credit union shall provide notice of the
1510 proposed closing to its members by:

1511 [(A)] (i) Posting such notice in a conspicuous manner on the
1512 premises of the branch proposed to be closed at least thirty days prior
1513 to the closing, and

1514 [(B)] (ii) Including such notice in at least one regular account
1515 statement mailed to its members who utilize the branch proposed to be
1516 closed, or in a separate mailing to such members at least thirty days
1517 prior to the closing date.

1518 [(e)] (3) With the approval of the Commissioner of Banking, any
1519 Connecticut credit union may relocate any branch within this state in
1520 accordance with such notice and other requirements as the
1521 Commissioner of Banking may prescribe. As used in this [subsection]
1522 subdivision, "relocate" means to move within the same immediate
1523 neighborhood without substantially affecting the nature of the
1524 business or members served.

1525 (b) (1) No Connecticut credit union shall establish a mobile branch
1526 in this state or outside of this state unless prior to such establishment
1527 the credit union has filed with the commissioner an application to
1528 establish a mobile branch listing each predetermined location. The
1529 Connecticut credit union may establish such mobile branch unless the
1530 commissioner disapproves the application not later than thirty days
1531 after the application has been filed with the commissioner. The
1532 commissioner may disapprove an application for a mobile branch if
1533 the commissioner makes such findings under subdivision (1) of
1534 subsection (a) of this section as the commissioner deems necessary. A

1535 mobile branch shall be conspicuously identified as a branch of a
1536 Connecticut credit union.

1537 (2) A Connecticut credit union that proposes to close any mobile
1538 branch shall submit to the commissioner a notice of the proposed
1539 closing not later than thirty days prior to the date proposed for such
1540 closing. The notice shall include a detailed statement of the reasons for
1541 the decision to close the mobile branch.

1542 (3) A Connecticut credit union that proposes to close any
1543 predetermined location of a mobile branch shall notify the
1544 commissioner prior to the closing of such location.

1545 [(f)] (c) The Commissioner of Banking may examine and supervise
1546 the out-of-state branches of any Connecticut credit union and may
1547 enter into agreements with other state or federal credit union
1548 regulators concerning such examination or supervision. Any such
1549 agreement may include provisions concerning the assessment or
1550 sharing of fees for such examination or supervision.

1551 Sec. 15. Section 36a-462b of the general statutes is repealed and the
1552 following is substituted in lieu thereof (*Effective July 1, 2003*):

1553 (a) (1) An out-of-state, state-chartered credit union may, with the
1554 prior written approval of the Commissioner of Banking, establish a
1555 branch in this state, provided the laws of [such state] the state in which
1556 the out-of-state, state-chartered credit union is organized authorize
1557 under conditions no more restrictive than those imposed by the laws
1558 of this state as determined by the Commissioner of Banking, a
1559 Connecticut credit union to establish a branch in that state. The
1560 Commissioner of Banking shall not grant approval unless the
1561 Commissioner of Banking determines that such out-of-state credit
1562 union: (A) Is financially solvent; (B) maintains share insurance as
1563 required under the Federal Credit Union Act; and (C) is effectively
1564 examined and supervised by an official of the state in which it is
1565 [chartered] organized. The Commissioner of Banking may disapprove

1566 the establishment of any such branch if any of the reasons specified in
1567 subsection [(b)] (a) of section 36a-462a, as amended by this act, if
1568 applied to an out-of-state, state-chartered credit union, exists. An out-
1569 of-state, state-chartered credit union that has established a branch in
1570 this state may, with the approval of the Commissioner of Banking,
1571 establish additional branches in this state in accordance with this
1572 section.

1573 (2) An out-of-state, federally-chartered credit union may, with prior
1574 written notice to the Commissioner of Banking, establish a branch or
1575 additional branches in this state. A federal credit union may, with
1576 prior written notice to the Commissioner of Banking, establish
1577 additional branches in this state.

1578 (b) The Commissioner of Banking may examine and supervise the
1579 Connecticut branches of any out-of-state, state-chartered credit union
1580 and may enter into agreements with other state or federal credit union
1581 regulators concerning such examinations or supervision. Any such
1582 agreement may include provisions concerning the assessment or
1583 sharing of fees for such examination or supervision.

1584 (c) The Commissioner of Banking may, after giving notice and an
1585 opportunity to be heard to any out-of-state, state-chartered credit
1586 union, revoke or suspend the approval given to such out-of-state credit
1587 union to establish a branch in this state for any reason that would be
1588 sufficient grounds to deny an application to establish a branch in this
1589 state.

1590 (d) With prior written approval of the commissioner, an out-of-state,
1591 state-chartered credit union may expand its field of membership to
1592 add members in this state, provided the laws of the state in which the
1593 out-of-state credit union is organized authorize, under conditions no
1594 more restrictive than those imposed by the laws of this state as
1595 determined by the commissioner, a Connecticut credit union to expand
1596 its field of membership located in that state, and the proposed field of
1597 membership has been approved by the state in which such out-of-state

1598 credit union is organized. The commissioner shall not approve such
 1599 expansion unless the commissioner determines that: (1) Such out-of-
 1600 state credit union is a credit union organized under laws similar to
 1601 sections 36a-435a to 36a-472a, inclusive; (2) such out-of-state credit
 1602 union is financially solvent; (3) such out-of-state credit union has share
 1603 insurance as provided under the Federal Credit Union Act; (4) such
 1604 out-of-state credit union is effectively examined and supervised by an
 1605 official of the state in which it is organized; and (5) any potential harm
 1606 that the expansion of the field of membership of such out-of-state
 1607 credit union may have on any Connecticut credit union and its
 1608 members is clearly outweighed in the public interest by the probable
 1609 beneficial effect of the expansion in meeting the convenience and
 1610 needs of the members of the group proposed to be included in the
 1611 proposed field of membership.

1612 Sec. 16. Subdivision (3) of subsection (b) of section 36a-468a of the
 1613 general statutes is repealed and the following is substituted in lieu
 1614 thereof (*Effective July 1, 2003*):

1615 (3) If the Commissioner of Banking is satisfied that the requirements
 1616 of this chapter have been complied with, the Commissioner of Banking
 1617 shall issue an approval of the merger, which approval may contain
 1618 such terms and conditions as the Commissioner of Banking deems
 1619 necessary or appropriate. After approval of the merger by the
 1620 Commissioner of Banking, the resulting credit union shall file a copy
 1621 of the merger agreement, the plan of merger, the certificate of
 1622 amendment to its certificate of incorporation, if any, and the
 1623 Commissioner of Banking's approval in the office of the Secretary of
 1624 the State. Within ten days after such documents are filed with the
 1625 Secretary of the State, the resulting credit union shall file with the
 1626 Commissioner of Banking copies of such filed documents, and in the
 1627 case of a Connecticut credit union that is the resulting credit union, a
 1628 copy of its amended bylaws, if any. The merger agreement may
 1629 provide for the effective date of the proposed merger, which shall not
 1630 be earlier than the filing of the agreement and the commissioner's

1631 approval in the office of the Secretary of the State. If the agreement
1632 does not provide for an effective date, the merger shall become
1633 effective on the date of the filing of the agreement and approval in the
1634 office of the Secretary of the State.

1635 Sec. 17. Subdivision (4) of subsection (a) of section 36a-469c of the
1636 general statutes is repealed and the following is substituted in lieu
1637 thereof (*Effective July 1, 2003*):

1638 (4) In the case of a converting Connecticut credit union, the plan of
1639 conversion shall require the approval of a majority of the governing
1640 board. After approving the plan of conversion, the governing board of
1641 the converting Connecticut credit union shall establish the date and
1642 time of a regular or special meeting of members for vote on the
1643 proposal. Written notice of the meeting at which the proposal is to be
1644 considered together with a mail ballot and a disclosure statement shall
1645 be hand-delivered or mailed to each member, at such member's last-
1646 known address as shown on the records of the converting Connecticut
1647 credit union, not more than thirty days nor less than fourteen days
1648 prior to the date of the meeting. The disclosure statement shall include,
1649 at a minimum, a description of (A) the reasons for the proposed
1650 conversion; (B) the differences between membership rights in the
1651 converting credit union and depositor rights in the proposed mutual
1652 savings bank, mutual savings and loan association or mutual
1653 community bank; and (C) the significant differences between the
1654 authorized powers of the converting credit union and those of the
1655 proposed mutual savings bank, mutual savings and loan association or
1656 mutual community bank. The notice, disclosure statement and mail
1657 ballot [shall comply with the requirements of Appendix A to 12 CFR
1658 Part 708a, as from time to time amended, and] shall be submitted to
1659 the commissioner for approval prior to distribution to members. Each
1660 member of the converting Connecticut credit union may cast one vote
1661 on the proposal. The affirmative vote of two-thirds of all the members
1662 voting, including those votes cast in person and those ballots properly
1663 completed and received by the converting Connecticut credit union

1664 prior to the time of the meeting, shall be required for approval of the
1665 conversion.

1666 Sec. 18. Section 35-2 of the general statutes is repealed and the
1667 following is substituted in lieu thereof (*Effective July 1, 2003*):

1668 No partnership, common law trust or association, or individual
1669 using a trade name, shall use, either as a part of its name or as a prefix
1670 or suffix thereto or as a designation of the business carried on by it, the
1671 word "bank", "banking", "banker", "bankers", "trust" or "savings",
1672 provided either the word "bankers" or the word "trust" may be so used
1673 when qualified and immediately preceded by the word "investment",
1674 but not followed by the word "company" or "corporation". The
1675 provisions of this section shall not apply to any charitable or athletic
1676 association. No provision of this section shall prevent any association
1677 organized under the provisions of section [36a-85] 36a-70 from using
1678 the term "savings" either as a part of its name or as a prefix or suffix
1679 thereto or as a designation of the business carried on by it.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>July 1, 2003</i>
Sec. 3	<i>July 1, 2003</i>
Sec. 4	<i>July 1, 2003</i>
Sec. 5	<i>July 1, 2003</i>
Sec. 6	<i>July 1, 2003</i>
Sec. 7	<i>July 1, 2003</i>
Sec. 8	<i>July 1, 2003</i>
Sec. 9	<i>July 1, 2003</i>
Sec. 10	<i>July 1, 2003</i>
Sec. 11	<i>July 1, 2003</i>
Sec. 12	<i>July 1, 2003</i>
Sec. 13	<i>July 1, 2003</i>
Sec. 14	<i>July 1, 2003</i>
Sec. 15	<i>July 1, 2003</i>
Sec. 16	<i>July 1, 2003</i>
Sec. 17	<i>July 1, 2003</i>

Sec. 18	July 1, 2003
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Statement of Purpose:

To update the application and examination fees charged by the Department of Banking; to make the requirements governing the conversion of mutual institutions to stock form similar to the requirements of the Office of Thrift Supervision; to permit branch consolidations and simplify the procedures for branch and main office relocations and the establishment of certain branches by requiring notice to the commissioner instead of an application; to clarify, and eliminate overlap in, the provisions concerning the sale of assets of Connecticut-chartered banks and credit unions; to increase the amount of eligible collateral that is required to be maintained by a qualified public depository that is an uninsured bank or a bank or credit union under a supervisory order or agreement; to replace one of the criteria for disapproval of a branch of a Connecticut credit union with a more appropriate criterion; to authorize Connecticut credit unions to establish and close mobile branches; to require the commissioner's approval for an out-of-state credit union's expansion of its field of membership in Connecticut; and to include a provision regarding the effective date of a merger involving a Connecticut credit union.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]